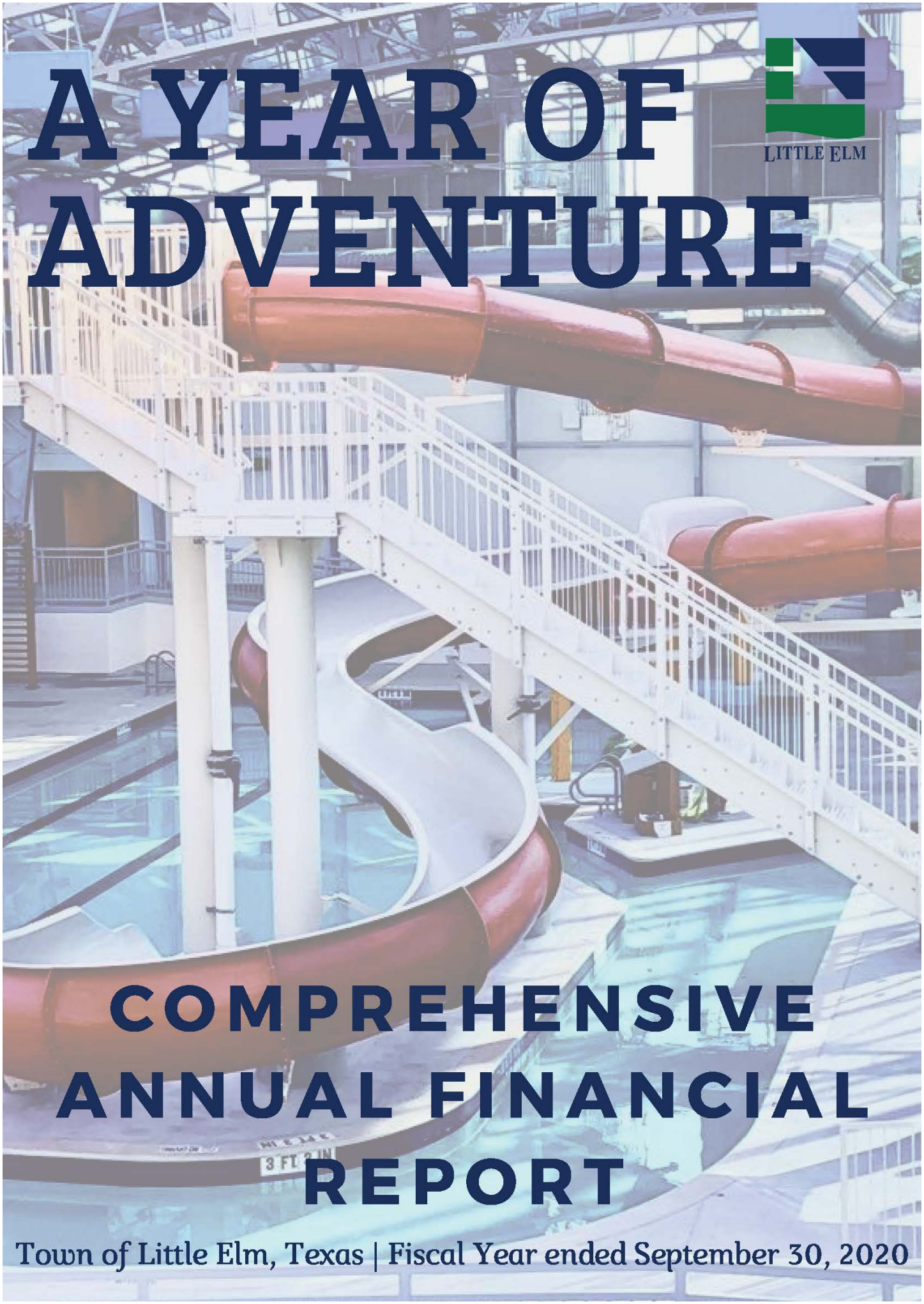
A YEAR OF ADVENTURE

LITTLE ELM



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Town of Little Elm, Texas | Fiscal Year ended September 30, 2020

LITTLE ELM

Our Values

are who we are

INTEGRITY

We are honest, loyal, trustworthy, transparent, fair and open minded, and have a culture of accountability. We keep our word and admit our mistakes. We stand up for what is right even in the face of a challenge, and do what is right, even if no one notices.

CUSTOMER SERVICE

We are respectful, positive, attentive, approachable, responsive, and empathetic. We focus on being able to assist internal and external customers, not simply accommodate them. Whether the answer involves going the extra mile or sometimes even delivering bad news, we are courteous, patient, humble and professional.

SERVANT LEADERSHIP

Putting the needs of others before one's self

EFFICIENCY

We recognize that we are entrusted with resources ultimately owned by the community, and as stewards of those, are committed to use the minimum resources required to realize the maximum result. We will find the shortest path on a route or in a process, and operate without waste, with proper use of taxpayer dollars, and without compromising quality.

INNOVATION

We have a willingness to grow, to explore new ideas and to challenge the status quo. We are open to change though we do not seek change unnecessarily. We allow the freedom to try new things, and recognize that through creativity and reasonable risk, we will build a stronger, healthier Town together. We are an organization dedicated to learning and continuous improvement.

Town of Little Elm, Texas

Comprehensive Annual Financial Report

LITTLE ELM

Fiscal Year Ended September 30, 2020

PREPARED BY:

Kelly Wilson, CPM, CGFO—Chief Financial Officer

Dianne Lawson, CGFO—Asst. Director of Finance

Glenna Culverhouse—Controller

Crystal Williamson

Amanda Dossey

Sheryl Champlin

Rebecca Hunter

Cindy Alonzo

Shelly Newell

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Town of Little Elm, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2020
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Introductory Section

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March 9, 2021

To the Honorable Mayor, Members of Town Council, and
Citizens of Little Elm, Texas:

The Town's management staff is pleased to submit the Comprehensive Annual Financial Report of the Town of Little Elm ("Town") for the fiscal year ending September 30, 2020. Provided herein is a complete set of financial statements in conformity with generally accepted accounting principles GAAP and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

The purpose of this report is to provide council, management, staff, the public and other interested parties with detailed information regarding the Town's financial condition. State Law requires that every general purpose local government publish, within six months of the close of fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2020.

This report consists of management's representations concerning the finances of the Town. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Town is required to obtain an annual audit of the financial records and financial activities of the Town. Weaver and Tidwell, L.L.P., a firm of licensed certified public accountants, have audited the Town's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town for the fiscal year ended September 30, 2020, are free of any material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified ("clean") opinion that the Town's financial statements for the fiscal year ended September 30, 2020, and are fairly presented in conformity with Generally Accepted Accounting Principles ("GAAP"). The independent auditor's report is presented as the first component of the financial section of this report.

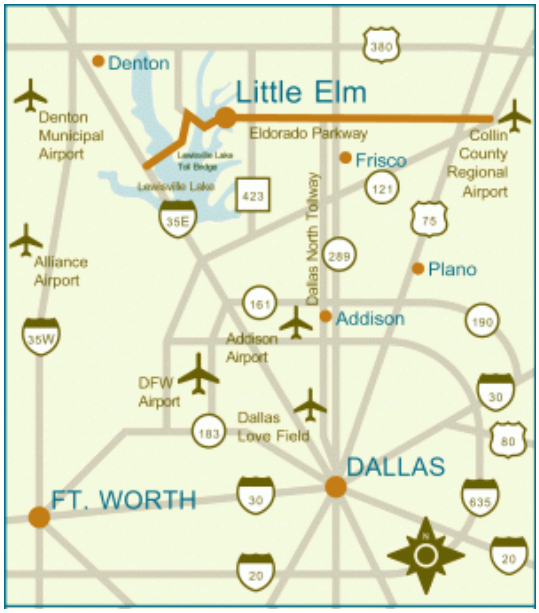
Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and the two should be read in conjunction with each other.

TOWN PROFILE

The Town of Little Elm was officially incorporated in 1966 encompassing 1,222 acres and in 2001 adopted the council-manager form of government and its Home Rule Charter. The Town operates as a Council-Manager form of government with the Town Council comprised of a mayor and six council members. The term of offices are elected on staggered, three-year terms on a non-partisan basis. The Mayor, Place 1, and Place 6 are elected at-large, whereas Place 2, 3, 4, and 5 are elected by district. Beginning with the election in May 2020, the Council Member elected in at-large place 1 shall serve for a term of two (2) years until the election in May 2022, after which time the Council Member elected in at-large place 1 shall serve a term of three (3) years from that election going forward. Beginning with the election in May 2021, the Council Member elected in single member district Place 5 shall serve a term for two (2) years until the election in May 2023, after which time the Council Member elected in single member district Place 5 shall serve a term of three (3) years from that election going forward. The May 2021 election will include a Town Charter Amendment.

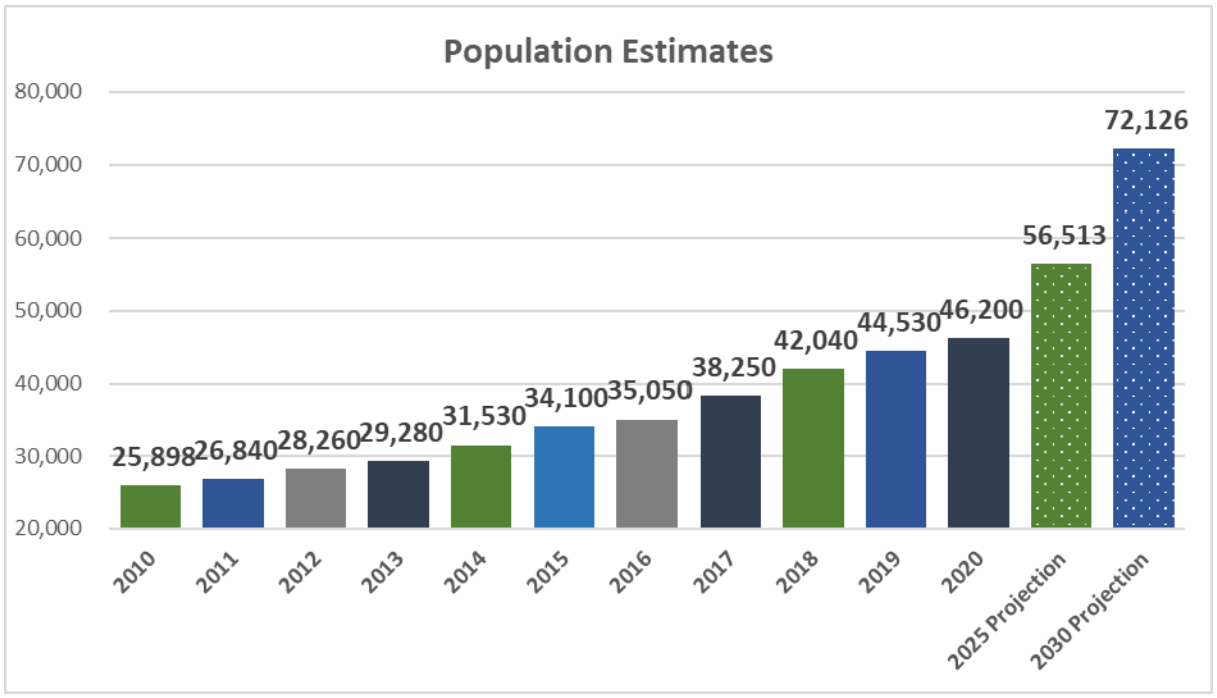
Under the provisions of the Town Charter, and subject only to the limitations imposed by the Texas Constitution, State Law, and the Town Charter, the Town Council enacts legislation, adopts the annual operating budget, and sets policy. The Town Manager, under the oversight of Town Council, serves as chief administrative officer by executing the laws and administering the government of the Town, as directed by the Town Council policies.

Little Elm is located in North Central Texas, and covers approximately 22 square miles of the Dallas/Fort Worth Metroplex ("DFW"). Little Elm is situated in Denton County and located at the crossroads of US Highway 380, FM 423, and FM 720. The Town is primarily a bedroom community. The Town is all wet, in the sense that over 66 miles of the Town's corporate town limits are shoreline on Lewisville Lake meaning that almost anywhere you travel in town, neighborhoods have a view of the lake, for which the Town is drawing more attention and bringing attractions within the DFW region.



An inventory of the different school districts within the Little Elm's corporate limits and ETJ is useful in attracting homebuyers. Little Elm has three school districts providing services to the community. The Little Elm Independent School District ("ISD") serves the majority of the community. The Denton ISD covers the northern section of the community and serves development along Highway 380. The Frisco ISD serves the eastern section of Little Elm.

The 2010 Census population for the Town was 25,898, and the 2020 estimate is 46,200.



Source: Population estimates to date are from North Central Texas Council of Governments. Future estimates are from Town of Little Elm staff.

Services Provided

The Town provides a full range of public services. These services include police, fire protection, emergency medical services, construction and maintenance of streets and other infrastructure; recreation services, library services; parks maintenance and public utilities. The Town's utilities include water and sewer, drainage and sanitation services. The Town operates its own sewer treatment facility.

Community Waste Disposal ("CWD") provides solid waste collection; and, the North Texas Municipal Water District ("NTMWD") provides water for the Town on a "take-or-pay" basis. The Town's drainage utility operates to mitigate drainage and environmental hazards and is self-supporting with fees billed monthly to all residential and commercial customers. The Town provides on a contractual basis to areas in its extra-territorial jurisdictions ("ETJ") public safety and construction inspections.

Financial System and Budgetary Controls

Town management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft, or misuse. Management must also ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The

contract of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

The Town's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues recognized when measurable and available, and expenditures recorded when the services or goods are received and the liabilities are incurred. Accounting records for the Town's utilities and other proprietary activities are maintained on a full accrual basis.

Town Council is required to adopt an annual operating budget no later than the beginning of the fiscal year. The process begins with the staff of each department submitting their annual budget requests during workshop. It is during this collaborative workshop setting including the Town Manager, Department Directors, and involved staff, each fund's proposed budget is balanced to comprise the Town Manager's Proposed Budget to Town Council. The proposed budget receives additional scrutiny by Town Council by holding subsequent workshop sessions. Prior to official adoption of the budget and tax rate by Town Council, any required public hearings on the proposed tax rate and budget are held to allow for public input.

The objective of budgetary controls is to ensure compliance with legal provision contained in the annual budget approved by the Town Council. The budget is developed on a departmental level and adopted at the fund level. The level of control at which expenditures may not exceed budget with our Town Council approval is at the fund level. The Town Manager has authority to approve individual departmental budget overages. This budgetary level serves as the foundation for the Town's financial planning and control. The Town Council approves any amendment or additional funding requests for appropriations when the budget is exceeded at the fund level or for any that were unforeseen during the regular budget process. These amendments shall be by ordinance, and shall become an attachment to the original budget.

The accompanying Comprehensive Annual Financial Report incorporates all funds of the Town and includes all government activities, organizations and functions which the Town is financially accountable including its component units. The Town's component units are legally separate entities for which the Town is financially accountable but are not part of the Town's operations.

The Town's discretely presented component units are:

- Little Elm Economic Development Type 4A Sales Tax Corporation (EDC)
- Little Elm Community Development Type 4B Sales Tax Corporation (CDC)

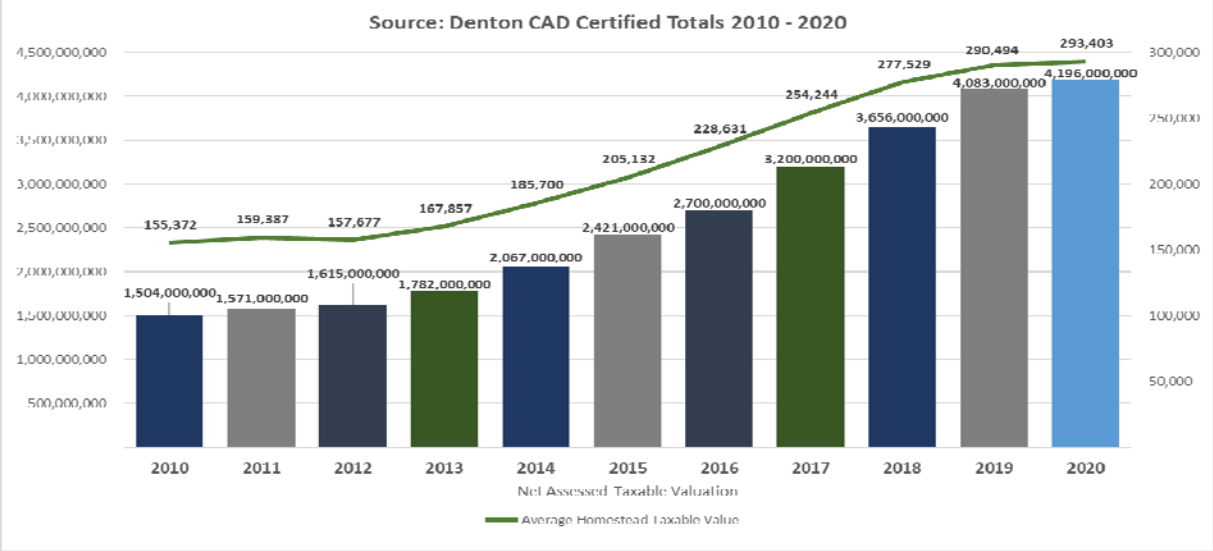
Relevant Financial Policies

The Town has established reserve policies for its' operating funds. The Town will maintain an unassigned fund balance in its General Fund equal to three months or 25% of the regular General Fund operating expenditures. Additionally, The Town will maintain a reserve of cash and investments in the Water Wastewater Fund equal to two months (60 days) of the total operating revenue. The reserve will be calculated based on total operating revenues from the last audited financial statements of the Water Wastewater Fund.

The Town has an established financial policy with subsections dedicated to investments, purchasing, budgeting, asset management, P-Cards, and debt. In 2019, a debt post issuance policy was added. The debt post issuance policy outlines the Town's responsibility to comply with bond covenants including applicable code provisions or regulations. This policy also designates who is responsible for such actions.

ECONOMIC CONDITIONS AND OUTLOOK

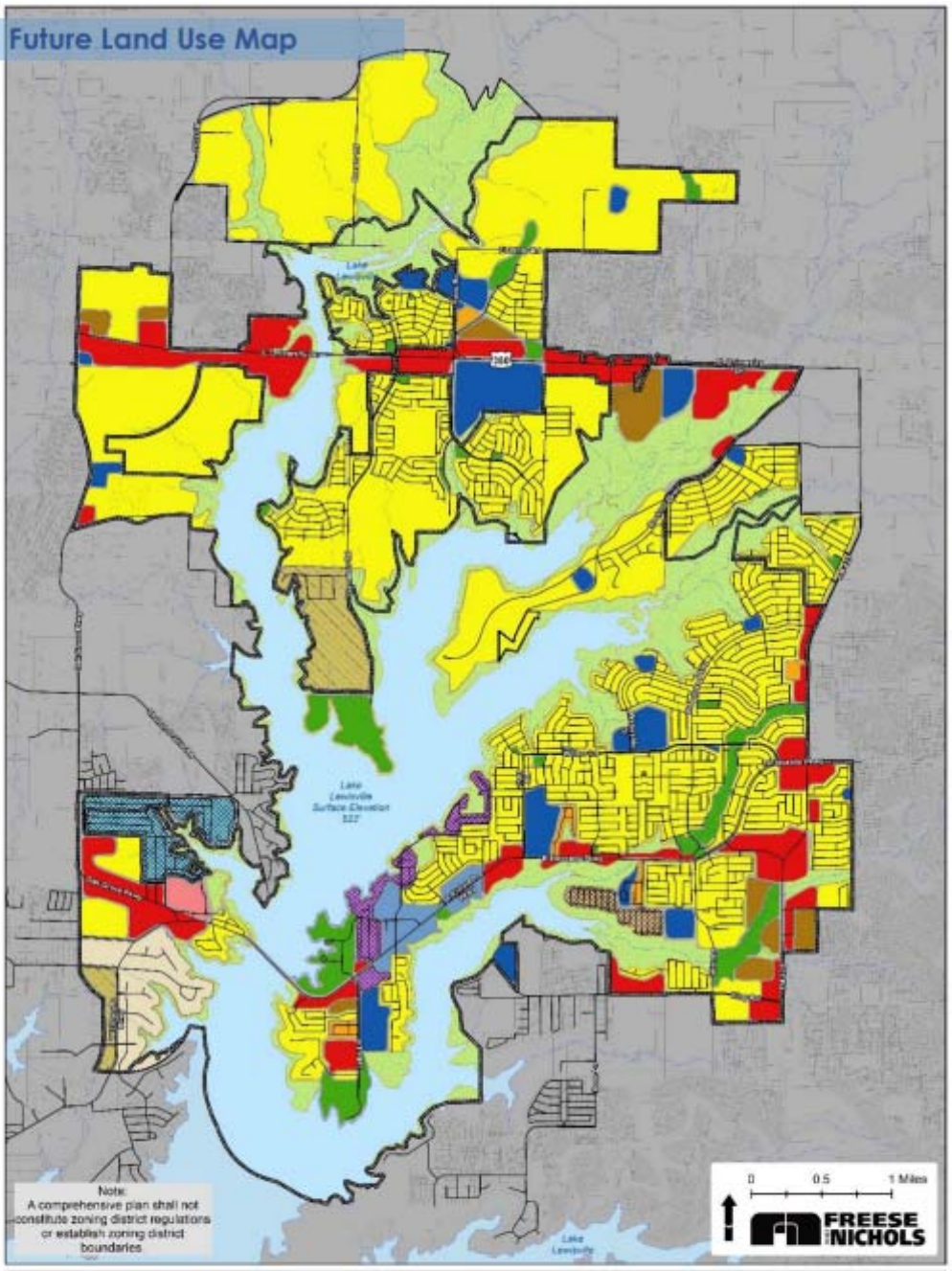
The Town continues to manage and plan for the continued growth as a result of the strong economy in the Dallas-Fort Worth area. New development is guided by design guidelines, a 2017 Comprehensive Plan, a Strategic Plan, and a Capital Improvements Plan. Unlike the cities of Dallas, Plano, and Frisco located to the south, the Town of Little Elm is characterized as a lake front community that is made up by a variety of single-family neighborhoods and master planned developments. While residential growth remains strong with 1,170 single family permits issued in 2020, the Town is a full service town of 46,000+ residents. The Town offers a variety of commercial retail and shopping opportunities as well as a regional destination area, the Lakefront District. In 2020, we welcomed 26 new businesses as well as over 138,000 sq. ft. of new non-residential construction valued at $24M. The Town also has over 190,000 square feet of shovel ready non-residential uses that are approved for construction in 2021. Lastly, we have 1,739,766 square feet that is currently opened for business with a 90% being leased.



The Little Elm Economic Development Corporation continues its work in attracting high quality businesses to Little Elm in order to increase both the tax base and local employment. The Town continues to benefit from other favorable conditions associated with a desirable location for work, destination, and living.

The economy influences the timing of population increases and the types of development that occur will affect the build-out of the Town. The Town Council adopted a new Comprehensive Plan in 2017. Policy-makers and Town staff use this document as a guide while reviewing development projects, the Town budget, prioritizing capital improvement projects, and drafting ordinances to direct growth that leads to the established vision. The Future Land Use Plan (below) graphically sets an overall framework for the preferred pattern of development within Little Elm.

Future Land Use Map



LITTLE ELM

Future Land Use

- Estate Residential
- Ranchette Residential
- Low Density Residential
- Medium Density Residential
- High Density Residential
- Public/Semi-Public
- Parks and Open Space
- Floodplain/ CORP
- Retail/ Commercial
- Lakefront District
- Special Planning Area 1
- Special Planning Area 2
- Special Planning Area 3
- Mixed Use
- Lake Lewisville
- Town Limits
- ETJ
- Streams

LONG-TERM FINANCIAL PLANNNG

Long-Term Financial Planning Process

- **Comprehensive Strategic Plan Update:** Council recently updated the Town's Comprehensive Strategic Plan the first of 2021 after Town staff provided an extensive plan update that outlined all of the goals and initiatives that had been accomplished from 2013-2020. This helped outline the objectives Town Council established to provide a community that is safe, diversified in housing opportunities, and inclusive. For more information about the Town's Strategic Plan that sets the vision for the Town and charts its course for the community, please visit https://www.littleelm.org/1429/Strategic-Plan

- **Operations and Maintenance**: Each year the Town prepares a balanced budget, with the involvement of the Town Council, Town Manager, Executive Management Team, finance staff and other employees. Discussions regarding the future of the Town's financial health are a high priority during budget preparation. Fiscal year 2020 was the seventh year for the Town to utilize a multi-year budgeting format. The multi-year budget process takes historical trends, changes in policy and economic conditions (now and projected) into consideration as applicable. The total number of budgeted full-time equivalents (FTE's) is 304 for the 2020 budget.

- **Capital Improvement Program**: A major component of the budgeting process every year is the Capital Improvement Program (CIP). Extensive planning takes place throughout the year involving input from the Town Council, Town Boards (Parks Board, Planning and Zoning Board) and the Executive Management Team. The focus of this planning is ongoing funding of current CIP projects, and how the Town will fund currently unfunded CIP projects in the future. During this process, attention is given to the impact the projects will have on the future operations and maintenance costs.

Anticipated Long-Term Financial Impacts

Due to the Town's economic growth, Town Council created four Public Improvement Districts ("PID") and participates in four Tax Increment Reinvestment Zones ("TIRZ") (#3, #4, #5, and #6). These Special Districts are separate, special-purpose governmental units that exist separately from local governments. They are formed to perform a single function or a set of functions. Note 14 to the Financial Statements specifically addresses the creation for each zone and district.

A significant partnership has been established with the City of Denton through an interlocal cooperative agreement for the use of providing equipment and personnel to provide 9-1-1 call answering, processing and dispatching services through Public Safety Emergency Dispatch Center. This partnership accomplishes a long-term objective to find a long-term solution to dispatch services. The traditional contract with Denton County was at its capacity for servicing the rapid growth needs in Little Elm. This new partnership shall provide a higher level of service to the residents and allow the Little Elm Fire and Police Departments to provide outstanding level of service to the area.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2019. This was the tenth year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, a municipality must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The Town is also re-applying for the Popular Annual Financial Report (PAFR) award that was received for the first time last year from GFOA for the fiscal year ended September 30, 2020. This report is designed to provide a user friendly and easily understood report to the public and other interested parties that lack a background in public finance. It is the Town's desire to achieve this award.

Acknowledgements

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. We would also like to thank the Mayor and Town Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Little Elm's finances.

Respectfully submitted,

Matt Mueller
Town Manager

Kelly Wilson, CPM, CGFO
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Little Elm
Texas

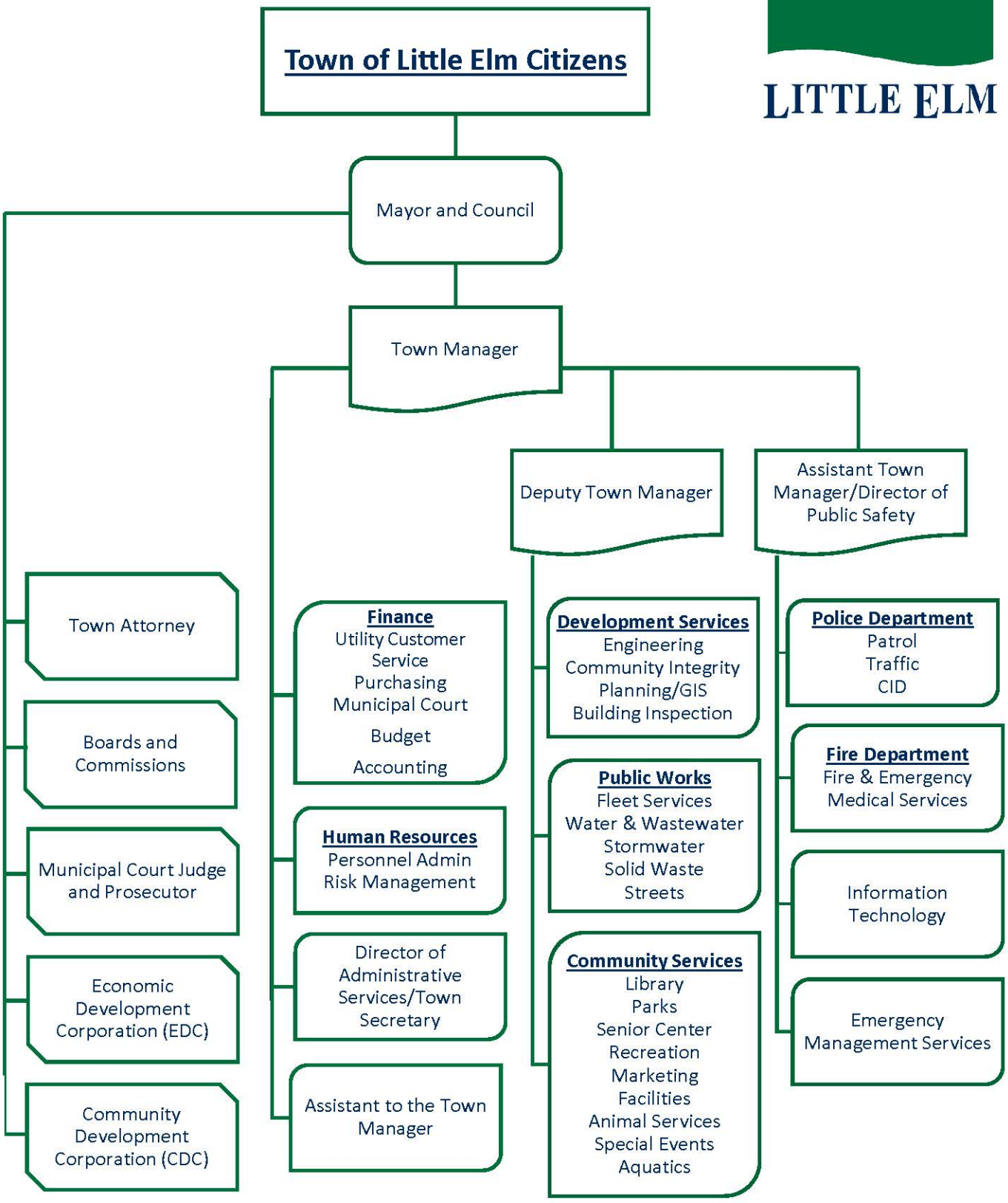
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morrill

Executive Director/CEO

TOWN OF LITTLE ELM, TEXAS



TOWN OF LITTLE ELM, TEXAS

Town Officials

Council Members

David Hillock	Mayor
Neil Blais	Mayor Pro Tem, District 3
Curtis Cornelious	At Large, Place 1
Tony Singh	District 2
Lisa Norman	District 4
Nick Musteen	District 5
Michael McClellan	At Large Place 6

Executive Staff

Matt Mueller	Town Manager
Doug Peach	Deputy Town Manager
Kelly Wilson	Chief Financial Officer
Rodney Harrison	Police Chief
Kathy Phillips	Town Secretary
Paul Rust	Fire Chief
Deidre Hale	Director of Human Resources
Joe Florentino	Assistant Town Manager/Director of Public Safety
Jason Shroyer	Director of Public Works
Chad Hyde	Director of Parks and Recreation
Fred Gibbs	Director of Development Services
Jennette Espinosa	EDC Executive Director

Town of Little Elm

MAYOR AND TOWN COUNCIL

Neil Blais
Mayor Pro Tem
District 3

Mayor David Hillock

Tony Singh
District 2

Lisa Norman
District 4

LITTLE ELM

Nick Musteen
District 5

Curtis Cornelious
At Large, Place 1

Michael McClellan
At Large, Place 6

Financial Section

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Independent Auditor's Report

To the Honorable Mayor,
Town Council, and Town Manager
Town of Little Elm, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Little Elm (the Town), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Weaver and Tidwell, L.L.P.
2300 North Field Street, Suite 1000 | Dallas, Texas 75201
Main: 972.490.1970 | Fax:972.702.8321
CPAs AND ADVISORS | WEAVER.COM

The Honorable Mayor,
Town of Little Elm, Texas

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 5-15), budgetary comparison information (Pages 72-74), and TMRS pension and OPEB schedules (pages 75-78) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Honorable Mayor,
Town of Little Elm, Texas

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 9, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Town's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 9, 2021

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As management of the Town of Little Elm, we offer the reader of the Town's financial statements this narrative overage and analysis of the financial activities of the Town of Little Elm for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report and the financial reports that follow in this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $264,201,599 (net position). Of this amount $42,500,818 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by $26,245,852 during the fiscal year.
- The Town's total amount of long-term liabilities is $108,402,855, which is a net decrease of ($5,965,842) when compared to the prior year. During 2020, the Town issued $4,085,000 of Certificates of Obligation and $5,725,000 of General Obligation Refunding Bonds.
- As of the close of the current fiscal year, the Town of Little Elm's governmental funds reported a combined ending fund balance of $49,538,102, a decrease of $5,993,014 in comparison with the prior year. The decrease is due in part to less capital grants and contributions. Within this total, $22,668,693 (58%) is restricted by specific legal requirements, $25,515,797(38%) is unassigned fund balance, $1,271,178 (3%) is committed to specific types of expenditures and $82,434 (1%) is nonspendable.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town of Little Elm's basic financial statements. The Town of Little Elm's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broader overview of the Town's finances, in a manner similar to a private-sector business. Two statements, the Statement of Net Position and the Statement of Activities, are utilized to provide this financial overview.

The Statement of Net Position presents information on all the Town's assets and liabilities, and deferred inflows/outflows of resources with the differences reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the Town is improving or deteriorating. The statement of net position combines and consolidates governmental and business-type current financial resources with capital assets and long-term obligations. In order to assess the overall health or financial condition of the Town, other non-financial factors should also be taken into consideration. These include changes in the Town's property tax base and the condition of the Town's infrastructure (i.e., streets, drainage improvements, storm and sewer lines, etc.).

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide statements distinguish between governmental activities and business-type activities. Governmental activities basically account for those activities supported by taxes and intergovernmental revenues. On the other hand, business-type activities are basically supported by user fees and charges. Most Town services are reported in governmental activities while business-type activities are reported in the Enterprise Fund. The governmental activities of the Town include general government, community services, public safety, public works, and culture and recreation. The business-type activities of the Town include water and sewer services and solid waste services.

The government-wide financial statements include not only the Town of Little Elm itself (known as the primary government), but also two discretely presented component units. The Town's sales tax corporations are the Little Elm Economic Development Corporation 4A (LEEDC) and Little Elm Community Development Corporation 4B (LECDC). Although legally separate, these component units operate under the criteria of board appointment and removal by the Town Council. Approval and oversight of capital projects as well as budget appropriations and approval is under the authorization of the Town Council.

Fund financial statements. The Town, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Little Elm maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the capital projects fund and the PID capital projects fund, all of which are considered to be major funds. All capital project funds are combined for a single, aggregated presentation. Data from the other non-major funds are also combined and reported in a single column. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds. The Town maintains two types of proprietary funds: enterprise funds and an internal service fund. Enterprise funds are used to report the same function as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water/sewer and solid waste operations. The internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town of Little Elm uses its internal service fund to account for vehicle and equipment replacements.

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Little Elm's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town has one fiduciary fund, the PID Agency Fund.

Notes to the financial statements. The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found after the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

At the end of fiscal year 2020, the Town's net position (assets exceeding liabilities) totaled $264,201,599. This analysis focuses on the net position (Table 1) and charges in net position (Table 2).

Net Position. The largest portion of the Town's net position, $201,890,614 or 78% reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town reports its capital assets net of related debt, the resources

needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities.

An additional portion of the Town's net position, $19,810,167 or 7%, represents resources that are subject to external restrictions on how they may be used. The unrestricted portion of net position which is $42,500,818 or 15% may be used to meet the government's ongoing obligations to citizens and creditors.

Table 1
Condensed Schedule of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	$ 63,465,299	$ 67,157,545	$ 28,004,184	$ 24,452,048	$ 91,469,483	$ 91,609,593
Capital assets	208,300,946	185,346,202	81,078,661	79,909,387	289,379,607	265,255,589
Total assets	271,766,245	252,503,747	109,082,845	104,361,435	380,849,090	356,865,182
Deferred outflows of resources	2,993,678	4,112,872	888,391	1,189,740	3,882,069	5,302,612
Current liabilities	8,298,257	6,578,230	2,573,885	3,176,130	10,872,142	9,754,360
Noncurrent liabilities	68,789,103	71,492,457	39,613,752	42,876,240	108,402,855	114,368,697
Total liabilities	77,087,360	78,070,687	42,187,637	46,052,370	119,274,997	124,123,057
Deferred inflows of resources	1,143,216	80,589	111,347	8,401	1,254,563	88,990
Net position:						
Net investment in capital	157,699,639	145,345,688	44,190,975	41,141,551	201,890,614	186,487,239
Restricted	15,434,016	13,172,118	4,376,151	3,895,353	19,810,167	17,067,471
Unrestricted	23,395,692	19,947,537	19,105,126	14,453,500	42,500,818	34,401,037
Total net position	$ 196,529,347	$ 178,465,343	$ 67,672,252	$ 59,490,404	$ 264,201,599	$ 237,955,747

Changes in Net Position. The net position of the Town increased by $26,245,852 from the prior year.

Governmental Activities. Governmental activities increased the Town's net position by $18,064,004 from the prior year. This was due in part to operating grants and contributions, but in large part, the increase is due to increased property values and new growth within Little Elm. This, in turn, brings in more tax revenue to the Town that support services. During the pandemic, some major one-time programs or capital projects were delayed until next year.

Business-type Activities. Net position from business-type activities increased $8,181,848 from the prior year. Increased utility revenues from growth of our customer base are partially responsible for this increase in net position. However, previously approved rate increases in water and sewer rates as well as capital grants and contributions also played a role in our increase in the net position since the prior fiscal year.

Government-Wide Financial Analysis

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	$ 11,098,392	$ 11,269,262	$ 21,871,215	$ 20,668,887	$ 32,969,607	$ 31,938,149
Operating grants and contributions	4,403,463	741,359	288,654	3,750	4,692,117	745,109
Capital grants and contributions	8,561,351	20,308,931	3,695,752	1,128,838	12,257,103	21,437,769
General revenues:						
Property taxes	27,474,111	24,654,126	-	-	27,474,111	24,654,126
Sales taxes	6,201,247	5,278,231	-	-	6,201,247	5,278,231
Franchise taxes	2,265,747	2,271,058	173,375	150,895	2,439,122	2,421,953
Investment Income	999,944	1,456,551	426,620	472,431	1,426,564	1,928,982
Other	1,052,785	1,648,669	9,007	25,136	1,061,792	1,673,805
Gain on sale of capital assets	12,422	108,592	-	15,456	12,422	124,048
Total revenues	62,069,462	67,736,779	26,464,623	22,465,393	88,534,085	90,202,172
Expenses:						
General government	6,028,316	8,443,749	-	-	6,028,316	8,443,749
Community service	3,072,109	2,948,714	-	-	3,072,109	2,948,714
Public safety	21,585,797	18,514,472	-	-	21,585,797	18,514,472
Public works	7,500,282	8,392,911	-	-	7,500,282	8,392,911
Culture and recreation	6,223,043	5,884,721	-	-	6,223,043	5,884,721
Interest expense	1,961,911	3,244,002	-	-	1,961,911	3,244,002
Water and sewer services	-	-	13,570,792	13,401,840	13,570,792	13,401,840
Solid waste services	-	-	2,345,983	2,061,254	2,345,983	2,061,254
Total expenses:	46,371,458	47,428,569	15,916,775	15,463,094	62,288,233	62,891,663
Change in net position before transfers	15,698,004	20,308,210	10,547,848	7,002,299	26,245,852	27,310,509
Transfers	2,366,000	2,327,150	(2,366,000)	(2,327,150)	-	-
Change in net position	18,064,004	22,635,360	8,181,848	4,675,149	26,245,852	27,310,509
Net position - beginning	178,465,343	155,829,983	59,490,404	54,815,255	237,955,747	210,645,238
Net position - ending	$ 196,529,347	$ 178,465,343	$ 67,672,252	$ 59,490,404	$ 264,201,599	$ 237,955,747

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined fund balances of $49,538,102.

Table 3
Governmental Funds
Condensed Balance Sheet

	General Fund	Debt Service	Capital Projects	PID Capital Projects	Nonmajor Governmental Funds	Total
Assets	$ 30,039,565	$ 1,131,689	$ 21,061,571	$ 1,471,325	$ 8,329,729	$ 62,033,879
Liabilities	$ 3,897,778	$ 4,247	$ 4,310,210	$ 76,148	$ 2,270,649	$ 10,559,032
Deferred Inflows of Resources	544,299	48,745	1,273,213	-	70,488	1,936,745
Fund Balances	25,597,488	1,078,697	15,478,148	1,395,177	5,988,592	49,538,102
Liabilities, Deferred Inlows of Resourses and Fund Balances	$ 30,039,565	$ 1,131,689	$ 21,061,571	$ 1,471,325	$ 8,329,729	$ 62,033,879

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, unassigned fund balance was $25,515,797. The unassigned fund balance of the General Fund increased by $4,202,863 primarily due to the net effect of a $2.3 million increase in property taxes, a $733,000 decrease in sales taxes, and a $3.8 million increase in intergovernmental revenue.

The Debt Service Fund had a decrease of $1,837 in fund balance which included refunding bond issuance of $5,560,000 and payments to escrow agent to refund prior debt outstanding of $5,476,891. The Capital Projects Fund decreased by $11,094,875 primarily due to the net effect of capital outlay expenditures on various projects and the issuance of debt with a premium totaling $4,388,844 this fiscal year. PID Capital Projects Fund decreased by $975,433 due to continuing expenditures for PID projects. Other governmental funds' combined fund balances increased by $1,855,491 with almost the entire ending fund balance of $5,988,592 restricted for specific purposes.

Proprietary funds. The Town's proprietary funds provide the same type of information found in the government-wide statements, but in more detail.

Unrestricted net position of the Enterprise Funds at the end of the year was $19,105,126. This represents an increase of $4,651,626. The increase is attributable to gains in water and sewer sales revenue and from maintaining operating expenses consistent to the prior year amount. This year's operating revenue was $22,168,876. The slight increase of $1,773,449 from last year's operating revenue is attributable to increases in water and sewer sales and solid waste charges for services revenue, due to increases in rates and charges with increased consumption.

General Fund Budgetary Highlights. In FY 2020, the General Fund expenditure budget was increased by $5,057,706 over the 2019 budget. Amendments made during the fiscal year 2020 increased the original revenue budget by $1,755,752 and increased the expenditure budget by $1,062,078. Amendments were primarily due to unanticipated expenditures during the year due to the pandemic and federal funds received to assist with relief. During the fiscal year, the Town analyzes their quarterly financial statements and determines if a budget amendment is reasonable and necessary. All budget amendments receive scrutiny and Town Council approval though an ordinance.

In the General Fund, the actual revenue received was $2,753,765 more than budgeted. This positive variance is most noticeable in taxes and intergovernmental revenue due to growth in the community and Federal Aid for pandemic relief. General Fund expenditures had a final budget to actual variance of $4,947,619 prior to other financing sources/uses. This positive variance is the result of savings experienced in nearly all departments. Also some budgeted projects were not completed in FY2020 and were encumbered to the FY2021 budget.

This is primarily due to an action plan prepared by management in response to COVID-19. Several capital projects, along with a hiring freeze for vacant positions, was delayed in anticipation of decrease revenue.

Capital Assets and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounts to $289,379,607 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings, park facilities, vehicles, machinery and equipment, roads, bridges and water and sewer lines. About 70% of the capital assets are governmental and 30% are business-type activities. The total increase in the Town's investment in capital assets for the current year was 9%.

Table 4
Capital Assets at Year-end
(net of accumulated depreciation)

	Governmental activities		Business-type activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land	$ 9,210,630	$ 9,210,630	$ 1,639,066	$ 1,639,066	$ 10,849,696	$ 10,849,696
Construction in progress	34,688,527	14,378,446	3,100,307	13,560,560	37,788,834	27,939,006
Buildings	32,258,365	33,371,051	2,008,929	2,062,333	34,267,294	35,433,384
Infrastructure	104,221,928	102,031,849	73,760,940	61,422,763	177,982,868	163,454,612
Other improvements	19,677,420	19,181,475	-	-	19,677,420	19,181,475
Machinery and equipment	8,244,076	7,172,751	569,419	1,224,665	8,813,495	8,397,416
Total	$ 208,300,946	$ 185,346,202	$ 81,078,661	$ 79,909,387	$ 289,379,607	$ 265,255,589

Additional information on the Town's capital assets can be found in Note 5 of the notes to the financial statements.

Debt Administration. At the end of the current fiscal year, the Town of Little Elm had total bonded debt outstanding of $93,990,000, all of which is backed by the full faith and credit of the Town. Additional information on the Town's long-term debt can be found in Note 8 of the notes to the financial statements.

Table 5
Outstanding Debt
Outstanding Debt and Long-Term Liabilities

	Governmental activities		Business-type activities		Total Primary Government		Component Units	
	2020	2019	2020	2019	2020	2019	2020	2019
Gross bonded debt:								
General obligation	$ 20,365,000	$ 22,541,613	$ 16,745,000	$ 18,228,388	$ 37,110,000	$ 40,770,001	$ -	$ -
Certificates of obligation	36,840,000	35,860,000	20,040,000	21,270,000	56,880,000	57,130,000	-	-
Total bonded debt	57,205,000	58,401,613	36,785,000	39,498,388	93,990,000	97,900,001	-	-
Other long-term debt:								
Capital leases	-	-	-	-	-	-	-	-
Tax notes	250,000	495,000	-	-	250,000	495,000	-	-
Notes Payable	-	-	500,000	600,000	500,000	600,000	11,268,329	11,819,698
Unamortized premiums	2,771,804	2,800,220	1,492,476	1,639,444	4,264,280	4,439,664	-	-
Compensated absences	2,882,182	2,524,700	270,789	268,969	3,152,971	2,793,669	9,659	72,410
Total OPEB liability	379,786	298,307	37,810	31,097	417,596	329,404	-	-
Net pension liability	5,300,331	6,972,617	527,677	838,342	5,828,008	7,810,959	-	-
Total other long-term debt	11,584,103	13,090,844	2,828,752	3,377,852	14,412,855	16,468,696	11,277,988	11,892,108
Total	$ 68,789,103	$ 71,492,457	$ 39,613,752	$ 42,876,240	$ 108,402,855	$ 114,368,697	$ 11,277,988	$ 11,892,108

The Town continues to maintain favorable ratings from the bond rating agencies. Standard & Poor's rating continues to be AA. The outlook is stable. The rating reflects the Town's economic improvement driven by strong tax base growth coupled with sustained and very strong reserves.

Additional information on the Town's long-term debt can be found in Note 8 of the notes to the financial statements.

Discretely Presented Component Units

The Little Elm Economic Development Corporation (LEEDC) and Little Elm Community Development Corporation (LECDC) have been included in the reporting entity as discretely presented components unit since they provide benefits to other entities aside from the Town. Separate audited financial statements are not issued for LEEDC or LECDC.

The Economic Development Corporation (LEEDC) is a legally separate governmental entity that promotes (a) existing business enterprise expansion and retention, and (b) new business enterprise development. The LEEDC's net position at fiscal year-end was $5,146,001. This is an increase of $1,533,750 from the prior year. The LEEDC's total revenues were $2,895,951 of which $2,430,202 was from sales taxes. For the year, the LEEDC had expenditures of $1,362,201.

Additional information on the LEEDC's long-term debt can be found in Note 8 of the notes to the financial statements.

The Community Development Corporation (LECDC) is a legally separate governmental entity tasked with bringing recreational, facility development and tourism opportunities to the Town and is supported by a voter approved sales tax. The LECDC's net position at year-end was $1,053,800. This is an increase of $472,582 from the prior year. The LECDC's total revenues were $1,241,442 of which $1,231,399 was from sales taxes. For the year, the LECDC had expenditures of $768,860. Of this amount, $163,249 was for economic and physical development and $583,611 for debt service.

2020 Highlights and Accomplishments

At the close of fiscal year 2020 here are a few of the highlights and accomplishments for this year:

- Maintain tax rate of $0.649900
- Conducted 725 rental home safety inspections and over 14,000 new residential inspections, up 4.3% from 2019
- Saw a 21% increase in residential certificate of occupancy over 2019
- Achieved a 96% voluntary compliance rate and cleared 6,877 community integrity cases using a more proactive and educational approach to gain compliance
- Responded to 44,385 calls for service for the Police department and responded to 4,344 fire incidents
- Little Elm Animal Services ran 5,138 calls; adopted out 201 pets and reunited 177 pets with their owners
- Completed the construction of French Settlement Road, located near the Jerry Walker Middle School
- Began the reconstruction of Button Street to install new curbs, sidewalks, and new roadway
- Economic Development Authority mailed out 31,000 vouchers to Little Elm residents assist in the local restaurants during March-December 2020.
- Hosted the 5th Annual Citizens Government Academy – virtually- The program has 88 graduates to date
- Construction continued on the 42,000 square-foot aquatic park – The Cove at the Lakefront™ projected to open in Spring of 2021
- Secured a brand name hotel for the Lakefront™ expected to be completed in 2022
- Completed the Wood Family Dog Park and McCord Park playground
- Partnered with three high schools that serve Little Elm residents to create artwork to wrap on utility boxes in the Lakefront™
- Completed $1.5M in street, sidewalk, and curb maintenance projects as part of the Annual Street Maintenance Program
- Managed and hauled over 1800 tons of refuse from the Town's courtesy drop site
- Renewed the solid waste contract with CWD and locked in residential and multi-family trash service rates for CWD services
- Hosted a bi-annual clean and green events and recycled 35 tons of household hazardous waste, e-waste, and documents
- Provided various programs and services virtually during the pandemic

All of these highlights, accomplishments and more is located in the Town's 2020 Strategic Report located at https://www.littleelm.org/1429/Strategic-Plan.

Economic Factors and Next Year's Budget and Rates (2020-2021)

Little Elm is still one of the fastest growing areas in the nation and with that comes a tremendous number of challenges, but also outstanding opportunity. With this growth, there are new sources and higher amounts of revenue allocated in the budget. Still, there is also a mounting list of needs for programs and services to accommodate the growth and meet the expectations of the community.

Little Elm continues to present a five-year balanced budget (technically a one-year budget and 4-year financial plan) to the Council for consideration. The purpose of the approach is to ensure that we are providing sustainable services in Little Elm's high growth environment. This is particularly important as we continue expanding services in the northern part of the community and extend contractual services to various partners in our region.

For the last several years, it has been the goal to maintain the tax rate at a competitive level with other cities and towns while still providing adequate revenue to fund the needs of a rapidly growing community now and into the future. This year, the Town was able to adopt a tax rate of $.649702 and still meet those objectives. The Town was able to maintain the voter-approval tax rate, prepare for its future obligations, and adhere to the Town's long and short-term operational plan. Of the total tax rate, $0.520000 is dedicated to general operations and maintenance (O&M) in the General Fund, and $.129702 is dedicated to general obligation debt service (I&S).

Some of the more significant upcoming capital projects are as follows: (Many of these projects cover several years, so they are not limited to the FY 2020-2021 budget.) Projects include the aquatic center The Cove at the Lakefront™, several road reconstruction projects, McCord Park water reuse water line, Cottonwood Creek Park, Lakefront Park and parking, and an event facility in the Lakefront™ district.

The fiscal year 2020-2021 operating budget increased by 9.94% or $5,517,247, from fiscal year 2019-2020 budget. The primary increase in budget to budget is a result of delays in projects due to the unforeseen pandemic in 2020. General revenues for property taxes were budgeted with a 2.59% or $657,518 increase from fiscal year 2019-2020. The growth in property tax revenue is due to new assessed properties added to the tax roll as well as a moderate increase of $262 million more on assessed values. Sales tax revenue is also expected to grow. The total amount of sales tax ($.015) budgeted for FY 2020-2021 reflects an increase of 14% increase over last year, which is another indicator of growth within the area. Major increases in operational costs are:

Compensation and Benefits (existing Personnel)	$ 466,685
New Personnel	$ 296,945
Public Safety (Police) Market Adjustement	$ 528,355
New Aquatic Center Program (including personnel)	$ 1,937,174
City of Denton Dispatch Services	$ 1,221,298
Dispatch Software	$ 947,546

General Fund revenues and budgeted transfers are estimated at $39,048,323 for FY 2020-2021. This is an increase of 5.36% or $1,989,420 over FY 2020. The sales tax maximum rate is 8.25%, with 1% contributed to the Town of Little Elm's General Fund. The sales tax reported in the General

Fund is projected to generate revenue of approximately $4.484 million or 14% more than last year's budget. This growth is a result of continued commercial development and population growth in the area.

The Water and Sewer Fund is expected to begin FY 2020-2021 with a $14.50 million working capital balance. The Town's policy initiative to maintain working capital reserves at a minimum of 60 days calculated from the previous year's earnings. A healthy fund balance is necessary to help fund the future capital projects and one-time maintenance infrastructure costs planned within the five-year balanced budget.

The Utility Fund total system revenues are estimated at $19,162,522, or 1.46% more than the prior year budget due to the moderate growth in residential, multi-family and commercial connections to the Town's utility system.

The total number of budgeted employees or FTE's (Full-time equivalents) is 353 for a salary with benefits cost of $32.6 million (including new positions and market adjustments). New positions budgeted for FY 2020-2021 are: Police: two-Patrol Officers; two Community Service Officers from part-time to full time; SRO Police Officer; Parks Maintenance worker; Public Works: Solid Waste Driver, Water Quality Technician; Aquatic Center: Operations Supervisor, Programming Supervisor, Event Programmer, Aquatics Programmer, Maintenance Technician, Two Head Lifeguards, Marketing Specialist, and part time employees.

The 2020-2021 budget reflects the efforts of the governing body and Town staff to address the need to provide services and facilities to support our vibrant and growing community, while still maintaining a strong financial position.

Tax Increment Reinvestment Zones and Public Improvement Districts

Note 14 to the Financial Statements addresses the Town Council's creation of four Tax Increment Reinvestment Zones ("TIRZ") (#3, #4, #5 and #6) and the four Public Improvement Districts. The Financial Statements specifically addresses the creation for each zone and district.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Little Elm, 100 W. Eldorado Parkway, Little Elm, Texas 75068, or call (214)975-0415.

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Basic Financial Statements

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Town of Little Elm, Texas
Statement of Net Position
September 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	$ 21,581,586	$ 15,987,868	$ 37,569,454	$ 3,199,233
Investments	19,818,540	7,223,570	27,042,110	104,902
Restricted cash and cash equivalents	9,270,728	756,916	10,027,644	-
Restricted investments	6,867,429	105,359	6,972,788	-
Receivables (net of allowance for uncollectibles)	3,578,405	3,705,125	7,283,530	776,648
Due from other governments	2,171,865	-	2,171,865	-
Due from component unit	94,312	-	94,312	-
Lease receivable	-	-	-	2,885,589
Prepaids	16,642	40	16,682	490
Inventories	65,792	225,306	291,098	-
Note receivable from primary government				500,000
Capital assets:				
Land	9,210,630	1,639,066	10,849,696	10,309,703
Depreciable assets, net	164,401,789	76,339,288	240,741,077	-
Construction in progress	34,688,527	3,100,307	37,788,834	-
Total assets	271,766,245	109,082,845	380,849,090	17,776,565
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension	2,909,895	238,261	3,148,156	-
Deferred outflows - OPEB	83,783	7,108	90,891	-
Deferred loss on refunding	-	643,022	643,022	-
Total deferred outflows of resources	2,993,678	888,391	3,882,069	-
LIABILITIES				
Current liabilities:				
Accounts payable and other current liabilities	5,622,552	1,012,646	6,635,198	173,796
Due to primary government	-	-	-	94,312
Accrued interest payable	291,662	228,492	520,154	30,668
Retainage payable	1,155,043	7,090	1,162,133	-
Customer deposits	440,427	1,325,657	1,766,084	-
Unearned revenue	788,573	-	788,573	
Non-current liabilities:				
Due within one year	5,751,581	2,852,572	8,604,153	690,287
Due in more than one year	63,037,522	36,761,180	99,798,702	10,587,701
Total liabilities	77,087,360	42,187,637	119,274,997	11,576,764
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding	24,782	-	24,782	-
Deferred inflows - pension	1,071,589	106,683	1,178,272	-
Deferred inflows - OPEB	46,845	4,664	51,509	-
Total deferred inflows of resources	1,143,216	111,347	1,254,563	-
NET POSITION (DEFICIT)				
Net investment in capital assets	157,699,639	44,190,975	201,890,614	(958,626)
Restricted:				
Construction	8,535,081	4,376,151	12,911,232	-
Economic development	1,346,058	-	1,346,058	5,901,870
Stormwater drainage	1,254,515	-	1,254,515	-
Street maintenance	1,359,041	-	1,359,041	-
Streetscape	1,170,497	-	1,170,497	-
Debt service	839,855	-	839,855	202,757
Other	928,969	-	928,969	-
Unrestricted	23,395,692	19,105,126	42,500,818	1,053,800
Total net position (deficit)	$ 196,529,347	$ 67,672,252	$ 264,201,599	$ 6,199,801

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Activities
For the Year Ended September 30, 2020

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Functions/Programs:				
Governmental activities:				
General government	$ 6,028,316	$ 146,117	$ 17,908	$ -
Community service	3,072,109	4,352,645	-	60,000
Public safety	21,585,797	3,663,496	4,089,891	-
Public works	7,500,282	1,785,248	228,149	6,157,944
Culture and recreation	6,223,043	1,150,886	67,515	2,343,407
Interest expense	1,961,911	-	-	-
Total governmental activities	46,371,458	11,098,392	4,403,463	8,561,351
Business-type activities:				
Water and sewer services	13,570,792	19,036,780	287,343	3,695,752
Solid waste services	2,345,983	2,834,435	1,311	-
Total business-type activities	15,916,775	21,871,215	288,654	3,695,752
Total primary government	$ 62,288,233	$ 32,969,607	$ 4,692,117	$ 12,257,103
Component Units:				
Economic Development Corporation	$ 1,362,201	$ -	$ 244,735	$ -
Community Development Corporation	768,860	-	-	-
Total component units	$ 2,131,061	$ -	$ 244,735	$ -

General revenues:	
Property taxes, penalty, and interest	
Sales taxes	
Franchise taxes	
Interest	
Miscellaneous	
Gain on sale of capital assets	
Transfers	
Total general revenues and transfers	
Change in net position	
Net position at beginning of year	
Net position, end of year	

The accompanying notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (5,864,291)	$ -	$ (5,864,291)	$ -
1,340,536	-	1,340,536	-
(13,832,410)	-	(13,832,410)	-
671,059	-	671,059	-
(2,661,235)	-	(2,661,235)	-
(1,961,911)	-	(1,961,911)	-
(22,308,252)	-	(22,308,252)	-
-	9,449,083	9,449,083	-
-	489,763	489,763	-
-	9,938,846	9,938,846	-
$ (22,308,252)	$ 9,938,846	$ (12,369,406)	$ -
$ -	$ -	$ -	(1,117,466)
-	-	-	(768,860)
$ -	$ -	$ -	$ (1,886,326)
$ 27,474,111	$ -	$ 27,474,111	$ -
6,201,247	-	6,201,247	3,661,601
2,265,747	173,375	2,439,122	-
999,944	426,620	1,426,564	38,945
1,052,785	9,007	1,061,792	192,112
12,422	-	12,422	-
2,366,000	(2,366,000)	-	-
40,372,256	(1,756,998)	38,615,258	3,892,658
18,064,004	8,181,848	26,245,852	2,006,332
178,465,343	59,490,404	237,955,747	4,193,469
$ 196,529,347	$ 67,672,252	$ 264,201,599	$ 6,199,801

Town of Little Elm, Texas
Balance Sheet
Governmental Funds
September 30, 2020

	General Fund	Debt Service	Capital Projects	PID Capital Projects	Nonmajor Governmental Funds	Total
ASSETS						
Cash and cash equivalents	$ 8,832,011	$ 412,962	$ 5,188,464	$ -	$ 3,651,545	$ 18,084,982
Investments	18,038,377	61,561	723,708	-	508,187	19,331,833
Restricted cash and cash equivalents	-	-	5,941,974	-	3,328,754	9,270,728
Restricted investments	-	-	5,106,048	1,471,325	290,056	6,867,429
Receivables, net of allowance for doubtful accounts						
Taxes	1,087,944	54,333	-	-	266,335	1,408,612
Franchise fees	918,071	-	-	-	-	918,071
Other	1,038,714	-	-	-	212,122	1,250,836
Due from other governments	-	-	2,101,377	-	70,488	2,171,865
Due from component unit	-	94,312	-	-	-	94,312
Due from other funds	42,757	508,521	2,000,000	-	1,499	2,552,777
Prepaids	15,899	-	-	-	743	16,642
Inventories	65,792	-	-	-	-	65,792
Total assets	$ 30,039,565	$ 1,131,689	$ 21,061,571	$ 1,471,325	$ 8,329,729	$ 62,033,879
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable and other current liabilities	$ 1,866,918	$ 49	$ 2,761,822	$ 76,148	$ 913,200	$ 5,618,137
Due to other funds	2,001,376	123	-	-	551,278	2,552,777
Accrued interest payable	-	4,075	-	-	-	4,075
Retainage payable	-	-	1,122,445	-	32,598	1,155,043
Unearned Revenue	15,000	-	-	-	773,573	788,573
Deposits	14,484	-	425,943	-	-	440,427
Total liabilities	3,897,778	4,247	4,310,210	76,148	2,270,649	10,559,032
Deferred inflows of resources:						
Unavailable resources	544,299	48,745	1,273,213	-	70,488	1,936,745
Total deferred inflows of resources	544,299	48,745	1,273,213	-	70,488	1,936,745
FUND BALANCES						
Nonspendable	81,691	-	-	-	743	82,434
Restricted	-	1,078,697	14,206,970	1,395,177	5,987,849	22,668,693
Committed	-	-	1,271,178	-	-	1,271,178
Unassigned	25,515,797	-	-	-	-	25,515,797
Total fund balances	25,597,488	1,078,697	15,478,148	1,395,177	5,988,592	49,538,102
Total liabilities, deferred inflows of resources, and fund balances	$ 30,039,565	$ 1,131,689	$ 21,061,571	$ 1,471,325	$ 8,329,729	$ 62,033,879

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
September 30, 2020

Total governmental fund balances	$	49,538,102
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds financial statements (less $4,312,681 in assets allocated to governmental activities from the internal service fund).		203,988,265
Accrued interest on governmental activities debt is not reported in the governmental funds financial statements until paid.		(287,587)
Revenues earned but not available within sixty days of fiscal year-end are not recognized as revenue in the governmental funds financial statements.		1,936,745
Unamortized losses on refunding are not due and payable and, therefore are not reported in the governmental funds financial statements. In the government-wide financial statements, the losses are reported as deferred outflows of resources.		(24,782)
Internal service funds are used by management to charge the cost of certain activities, such as fleet management, to individual funds. This amount represents the assets less the liabilities of the internal service fund allocated to governmental activities.		8,292,463
Net deferred outflows/inflows of resources related to the Town's net pension and total OPEB liability increases net position.		1,875,244
Net pension liability ($5,300,331) and total OPEB liability ($379,786) are not due and payable in the current period and therefore are not reported in the governmental funds financial statements.		(5,680,117)
Premiums on bond issuance for governmental activities debt are included in other financing sources in the governmental funds financial statements.		(2,771,804)
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds financial statements.		(2,882,182)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds financial statements.		(57,455,000)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	196,529,347

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2020

	General Fund	Debt Service	Capital Projects	PID Capital Projects	Nonmajor Governmental Funds	Total
Revenues:						
Taxes:						
Property taxes, penalty, and interest	$ 19,736,243	$ 6,370,921	$ -	$ -	$ 1,249,811	$ 27,356,975
General sales and use taxes	4,818,560	-	-	-	1,382,687	6,201,247
Other taxes and franchise fees	2,221,541	-	-	-	44,206	2,265,747
Licenses and permits	3,807,739	-	975,766	-	-	4,783,505
Intergovernmental	5,005,745	677,923	185,761	-	299,541	6,168,970
Charges for services	3,619,666	-	-	-	710,175	4,329,841
Impact fees	-	-	620,170	-	-	620,170
Fines and forfeitures	823,427	-	-	-	83,698	907,125
Contributions	-	-	2,343,407	-	26,440	2,369,847
Interest	425,055	41,348	323,303	21,223	130,937	941,866
Other revenues	160,550	-	-	-	416,598	577,148
Total revenues	40,618,526	7,090,192	4,448,407	21,223	4,344,093	56,522,441
Expenditures:						
Current:						
General government	4,610,819	-	-	420,549	109,002	5,140,370
Community services	2,772,783	-	-	-	334,233	3,107,016
Public safety	20,990,799	-	-	-	109,812	21,100,611
Public works	2,474,534	-	-	-	1,520,308	3,994,842
Culture and recreation	4,243,591	-	-	-	116,239	4,359,830
Debt service:						
Principal retirement	-	5,620,395	-	-	-	5,620,395
Interest and fiscal agent fees	-	2,038,797	-	-	-	2,038,797
Other debt service costs	-	83,108	109,913	-	-	193,021
Capital outlay	1,050,432	-	21,698,684	575,285	620,453	23,944,854
Total expenditures	36,142,958	7,742,300	21,808,597	995,834	2,810,047	69,499,736
Excess (deficiency) of revenues over (under) expenditures	4,475,568	(652,108)	(17,360,190)	(974,611)	1,534,046	(12,977,295)
Other financing sources (uses):						
Issuance of refunding bonds	-	5,560,000	-	-	-	5,560,000
Issuance of certificates of obligation	-	-	4,085,000	-	-	4,085,000
Premium on debt issuances	-	-	303,844	-	-	303,844
Payment to refunded bond escrow agent	-	(5,476,891)	-	-	-	(5,476,891)
Insurance proceeds	146,328	-	-	-	-	146,328
Transfers in	2,225,794	567,162	2,710,552	-	1,470,343	6,973,851
Transfers out	(2,624,050)	-	(834,081)	(822)	(1,148,898)	(4,607,851)
Total other financing sources (uses)	(251,928)	650,271	6,265,315	(822)	321,445	6,984,281
Net change in fund balances	4,223,640	(1,837)	(11,094,875)	(975,433)	1,855,491	(5,993,014)
Fund balance at beginning of year	21,373,848	1,080,534	26,573,023	2,370,610	4,133,101	55,531,116
Fund balance, end of year	$ 25,597,488	$ 1,078,697	$ 15,478,148	$ 1,395,177	$ 5,988,592	$ 49,538,102

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to Statement of Activities
For the Year Ended September 30, 2020

Net change in fund balances - total governmental funds	$	(5,993,014)
Amounts reported for governmental funds in the statement of activities are different because:		
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.		122,476
Capital outlays are reported as expenditures in governmental funds; however, in the government-wide financial statements, the costs are capitalized as capital asset additions. Disposals of capital assets reduce net position. This amount is the net effect of $30,529,993 of capital additions less $5,354,045 developer contributions less $1,714,876 allocated from internal service fund and non internal service fund disposals of $117,346.		23,343,726
Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The effect of recording depreciation expense is to decrease net position. Depreciation expense is $7,441,343 less the internal service fund depreciation expense of $814,296.		(6,627,047)
Donation of property from developers is not reported in the governmental funds. However, in the statement of activities, the fair market value of those assets is		5,354,045
The repayment of the principal of long term debt consumes the current financial resources of governmental funds, but has no effect on net position. The amortization of bond issuance costs, bond premiums, and deferred gain/loss on refunding of long term debt is reported in the statement of activities but does not require the use of current financial resources. Therefore the effect of the amortization of these various items are not reported in the statement of revenues, expenses, and changes in fund balance. This amount represents the net effect of the following items:		
Debt issued		(9,645,000)
Premiums from bond issuance		(303,844)
Repayments of bonds		5,620,395
Refunded bonds		5,466,218
Amortization of premium from debt that was refunded		104,506
Deferred loss on refunding		(93,833)
Current year amortization of deferred loss on refunding		(16,296)
Current year amortization of premium on bonds		227,754
Changes in compensated absences are not reported in the fund financial statements. The net effect of the current year increase is to decrease net position.		(357,482)
The following is the net effect of a increase in net position from net decrease in the TMRS pension liability and increases in total OPEB liability, $1,590,807, and a decrease in net position from the changes in deferred outflows/inflows for TMRS pension and OPEB, ($2,071,692).		(480,885)
Internal service funds are used by management to charge the costs of certain activities, such as fleet management, to individual funds. The net income of the internal service fund is allocated entirely to governmental activities.		1,283,836
Current year changes in accrued interest payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		58,449
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	18,064,004

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Net Position
Proprietary Funds
September 30, 2020

	Business-type Activities Enterprise funds			Governmental Activities- Internal Service Fund
	Water and Sewer	Solid Waste	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current assets:				
Cash and cash equivalents	$ 15,631,028	$ 356,840	$ 15,987,868	$ 3,496,604
Investments	7,173,877	49,693	7,223,570	486,707
Restricted cash and cash equivalents	756,916	-	756,916	-
Restricted investments	105,359	-	105,359	-
Receivables (net of allowance for uncollectibles)	3,412,262	292,863	3,705,125	886
Prepaids	40	-	40	-
Inventories	225,306	-	225,306	-
Total current assets	27,304,788	699,396	28,004,184	3,984,197
Capital assets:				
Land	1,639,066	-	1,639,066	-
Depreciable assets, net	76,053,797	285,491	76,339,288	4,312,681
Construction in progress	3,100,307	-	3,100,307	-
Total capital assets	80,793,170	285,491	81,078,661	4,312,681
Total assets	108,097,958	984,887	109,082,845	8,296,878
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension	238,261	-	238,261	-
Deferred outflows - OPEB	7,108		7,108	-
Deferred loss on refunding	643,022	-	643,022	-
Total deferred outflows of resources	888,391	-	888,391	-
Total assets and deferred outflows of resources	$ 108,986,349	$ 984,887	$ 109,971,236	$ 8,296,878
LIABILITIES AND NET POSITION				
Current liabilities:				
Accounts payable and other accrued expenses	$ 791,088	$ 221,558	$ 1,012,646	$ 4,415
Accrued interest payable	228,492	-	228,492	-
Retainage payable	7,090	-	7,090	-
Customer deposits	1,325,657	-	1,325,657	-
Current portion of long-term debt	2,852,085	487	2,852,572	-
Total current liabilities	5,204,412	222,045	5,426,457	4,415
Long-term debt, net of current portion	36,754,349	6,831	36,761,180	-
Total liabilities	41,958,761	228,876	42,187,637	4,415
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension	106,683	-	106,683	-
Deferred inflows - OPEB	4,664	-	4,664	-
Total deferred inflows of resources	111,347	-	111,347	-
Net position:				
Net investment in capital assets	43,905,484	285,491	44,190,975	4,312,681
Restricted for:				
Construction - impact fees	4,376,151	-	4,376,151	-
Unrestricted	18,634,606	470,520	19,105,126	3,979,782
Total net position	66,916,241	756,011	67,672,252	8,292,463
Total liabilities, deferred inflows of resources and net position	$ 108,986,349	$ 984,887	$ 109,971,236	$ 8,296,878

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
For the Year Ended September 30, 2020

	Business-type Activities Enterprise funds			Governmental-Activities Internal Service Fund
	Water and Sewer	Solid Waste	Total	
Operating revenues:				
Water sales	$ 10,961,084	$ -	$ 10,961,084	$ -
Charges for sewer services	7,635,996	-	7,635,996	-
Tap, connections, and other fees	384,227	-	384,227	-
Charges for solid waste	-	2,824,457	2,824,457	-
Contributions	-	-	-	2,230,254
Other revenue	351,823	11,289	363,112	-
Total operating revenues	19,333,130	2,835,746	22,168,876	2,230,254
Operating expenses:				
Personnel services	2,305,312	68,852	2,374,164	-
Contractual services	405,793	2,147,103	2,552,896	-
Repairs and maintenance	342,780	80,037	422,817	-
Supplies	6,204,610	18,761	6,223,371	173,640
Depreciation	2,612,058	26,031	2,638,089	814,296
Other operating expenses	449,664	5,199	454,863	-
Total operating expenses	12,320,217	2,345,983	14,666,200	987,936
Operating income	7,012,913	489,763	7,502,676	1,242,318
Non-operating revenues (expenses):				
Taxes	-	173,375	173,375	-
Gain on sale of assets	-	-	-	(16,560)
Interest income	420,024	6,596	426,620	58,078
Interest expense	(1,250,575)	-	(1,250,575)	-
Total non-operating revenue (expenses)	(830,551)	179,971	(650,580)	41,518
Income before capital contributions and transfers	6,182,362	669,734	6,852,096	1,283,836
Capital contributions and transfers				
Capital contributions	2,804,834	-	2,804,834	-
Impact fees	890,918	-	890,918	-
Transfers out	(1,800,000)	(566,000)	(2,366,000)	-
Total capital contributions and transfers	1,895,752	(566,000)	1,329,752	-
Change in net position	8,078,114	103,734	8,181,848	1,283,836
Net position at beginning of year	58,838,127	652,277	59,490,404	7,008,627
Net position, end of year	$ 66,916,241	$ 756,011	$ 67,672,252	$ 8,292,463

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2020

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Fund
	Water and Sewer	Solid Waste	Total	
Cash flow from operating activities:				
Receipts from customers and users	$ 19,493,732	$ 2,804,855	$ 22,298,587	$ -
Payments to suppliers	(8,686,328)	(2,271,073)	(10,957,401)	(169,607)
Payments to employees	(1,645,920)	(11,176)	(1,657,096)	-
Cash received (paid) from transactions with other funds	-	-	-	2,229,368
Net cash provided by operating activities	9,161,484	522,606	9,684,090	2,059,761
Cash flow from noncapital financing activities:				
Transfers out	(1,800,000)	(566,000)	(2,366,000)	-
Taxes	-	173,375	173,375	-
Net cash used by noncapital financing activities	(1,800,000)	(392,625)	(2,192,625)	-
Cash flow from capital financing activities:				
Proceeds from long-term debt	165,000	-	165,000	-
Payment to escrow agent	(162,536)	-	(162,536)	-
Acquisition of capital assets	(820,401)	(182,128)	(1,002,529)	(1,714,876)
Proceeds from sale of capital assets	-	-	-	-
Impact fees	890,918	-	890,918	-
Principal paid on capital debt	(2,819,604)	-	(2,819,604)	-
Interest paid on capital debt	(1,306,748)	-	(1,306,748)	-
Net cash used by capital financing activities	(4,053,371)	(182,128)	(4,235,499)	(1,714,876)
Cash flow from investing activities:				
Net purchases of investments	(2,279,236)	(49,693)	(2,328,929)	(486,707)
Interest and dividends on investments	420,024	6,596	426,620	58,078
Net cash used by investing activities	(1,859,212)	(43,097)	(1,902,309)	(428,629)
Net increase (decrease) in cash and cash equivalents	1,448,901	(95,244)	1,353,657	(83,744)
Cash and cash equivalents, beginning of the year	14,939,043	452,084	15,391,127	3,580,348
Cash and cash equivalent, ending of the year	$ 16,387,944	$ 356,840	$ 16,744,784	$ 3,496,604
Noncash transactions:				
Capital contributions	$ 2,804,834	$ -	$ 2,804,834	$ -

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Cash Flows – Continued
Proprietary Funds
For the Year Ended September 30, 2020

	Water and Sewer	Solid Waste	Total	Internal Service Fund
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 7,012,913	$ 489,763	$ 7,502,676	$ 1,242,318
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	2,612,058	26,031	2,638,089	814,296
Pension and OPEB expense (net)	27,599	-	27,599	-
Effects of changes in assets and liabilities:				
Decrease (increase) in receivables	114,572	(30,891)	83,681	(886)
Decrease (increase) in inventories	46,030	-	46,030	-
Decrease (increase) in prepaids	739	-	739	
Increase (decrease) in payables	(665,468)	36,086	(629,382)	4,033
Increase (decrease) in deposits	12,838	-	12,838	-
Increase (decrease) in compensated absences	203	1,617	1,820	-
Net cash provided by operating activities	$ 9,161,484	$ 522,606	$ 9,684,090	$ 2,059,761

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Fiduciary Net Position
Agency Fund
September 30, 2020

	PID Agency Fund
ASSETS	
Cash and cash equivalents	$ 111,736
Restricted Investments	4,877,734
Accounts receivable	28
Total Assets	$ 4,989,498
LIABILITIES	
Liability to bond holders	$ 4,984,998
Total Liabilities	$ 4,984,998

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Net Position
Discretely Presented Component Units
September 30, 2020

	Economic Development Corporation	Community Development Corporation	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 2,445,598	$ 753,635	$ 3,199,233
Investments	-	104,902	104,902
Receivables (net of allowance for uncollectibles)	547,146	229,502	776,648
Leases receivable	2,885,589	-	2,885,589
Note receivable from primary government-current	100,000	-	100,000
Non-current assets:			
Note receivable from primary government	400,000	-	400,000
Land	10,309,703	-	10,309,703
Prepaid	490	-	490
Total Assets	16,688,526	1,088,039	17,776,565
LIABILITIES			
Current liabilities:			
Accounts payable and other current liabilities	139,557	34,239	173,796
Due to primary government	94,312	-	94,312
Accrued interest payable	30,668	-	30,668
Non-current liabilities:			
Due within one year	690,287	-	690,287
Due in more than one year	10,587,701	-	10,587,701
Total Liabilities	11,542,525	34,239	11,576,764
NET POSITION			
Net investment in capital assets	(958,626)	-	(958,626)
Restricted for economic development	5,901,870	-	5,901,870
Restricted for debt service	202,757	-	202,757
Unrestricted	-	1,053,800	1,053,800
Total Net Position	$ 5,146,001	$ 1,053,800	$ 6,199,801

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Activities
Discretely Presented Component Units
For the Year Ended September 30, 2020

		Program Revenues	
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:			
Economic Development Corporation	$ 1,362,201	$ 244,735	$ -
Community Development Corporation	768,860	-	-
Total component units	$ 2,131,061	$ 244,735	$ -

General revenues:
Sales taxes
Investment income
Miscellaneous
Total general revenues
Change in net position
Net position - beginning of year

Net position - end of year

The accompanying notes to the basic financial statements are an integral part of this statement.

Component Units		
Economic Development Corporation	Community Development Corporation	Total
$ (1,117,466)	$ -	$ (1,117,466)
-	(768,860)	(768,860)
$ (1,117,466)	$ (768,860)	$ (1,886,326)
2,430,202	1,231,399	$ 3,661,601
28,902	10,043	38,945
192,112	-	192,112
2,651,216	1,241,442	3,892,658
1,533,750	472,582	2,006,332
3,612,251	581,218	4,193,469
$ 5,146,001	$ 1,053,800	$ 6,199,801

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Note 1. Summary of Significant Accounting Policies

The Town of Little Elm, Texas (the Town) is a municipal corporation governed by an elected mayor and six-member Town Council and provides the following services by its charter: public safety, public works, health, culture, recreation, community development, water and sewer utilities, and solid waste utilities.

The accounting and reporting policies of the Town conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, expenditures, and expenses. Actual results could vary from the estimates that are used. The more significant accounting policies of the Town are described below.

A. Financial Statement Presentation

The basic financial statements are prepared in conformity with GASB Statement No. 34, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the Town's governmental activities, business-type activities and activities of its discretely presented component units on the statement of net position and statement of activities. Significantly, the Town's statement of net position includes both noncurrent assets and noncurrent liabilities of the Town. In addition, the government-wide statement of activities reflects depreciation expenses on the Town's capital assets, including infrastructure.

In addition to the government-wide financial statements, the Town has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

B. Financial Reporting Entity

The Town's basic financial statements include the accounts of all Town operations. In evaluating how to define the government for financial reporting purposes, management has considered all entities for which the Town is considered to be financially accountable. As required by GAAP, these financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. The discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the Town.

Little Elm Economic Development Corporation

The Little Elm Economic Development Corporation (EDC) is a duly-established municipal corporation created under the provisions of Section 4A of the Development Corporation Act of 1976 as revised, with approval of the governing body of the Town of Little Elm. The EDC, a separate non-profit corporation, was formed in 1993 for the public purposes of the promotion and development of new and expanded business enterprises to provide and encourage employment in the furtherance of the public welfare and is operated primarily within the geographic boundaries of the Town. The affairs of the EDC shall be managed by a Board of Directors consisting of five members who shall be appointed by the Town council: one director from the Town council and four directors at-large. The EDC is supported by a half-cent sales tax voted by referendum in 1993. An Executive Director is appointed by the EDC Board to carry out the Board's administrative and policy initiatives. The EDC is considered part of the Town's reporting entity and presented in the accompanying basic financial statements as a discretely presented component unit. The EDC does not issue separate financial statements.

Little Elm Community Development Corporation

The Little Elm Community Development Corporation (CDC) is a separate entity formed in February 2007 to improve and expand park and recreation facilities from revenue generated through the Type 4B sales tax. The CDC operates under the authority of Section 2(11)-(A)-(E) and Section 4B of Article 5190.6 of Revised Civil Statutes, as amended. The CDC is considered part of the Town's reporting entity and presented in the accompanying basic financial statements as a discretely presented component unit. The CDC is a discretely presented component unit under the criteria of board appointment and removal by the Town Council, approval and oversight of capital projects as well as budget authorization and approval. The CDC does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Three (TIRZ #3)

The Town created Tax Increment Reinvestment Zone Number Three (TIRZ#3) to provide additional financing resources to further enhance development within the zone. The Town Council appoints a Board and Board members are removable by the Town Council. TIRZ#3 commenced October 2013 and will terminate on December 31, 2043, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. Although TIRZ#3 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances, TIRZ#3 qualifies for blending because the Board is the same as the Town Council. Previous to fiscal year 2017, TIRZ#3 had been reported as a discretely presented component unit, but is now reported as a blended component unit of the Town as ordinance #1413 was approved in 2017 clarifying the composition of the Board as described above. TIRZ#3 does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Four (TIRZ #4)

The Town created Tax Increment Reinvestment Zone Number Four (TIRZ#4) to provide additional financing resources to further enhance development within the zone. The Town Council appoints a Board and Board members are removable by the Town Council. TIRZ#4 commenced December 2013 and will terminate on December 31, 2048, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. TIRZ#4 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances. TIRZ#4 qualifies for blending because the Board is the same as the Town Council. TIRZ#4 is reported as a blended component unit of the Town and it does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Five (TIRZ #5)

The Town created Tax Increment Reinvestment Zone Number Five (TIRZ#5) to provide additional financing resources to further enhance development within the zone. The Town Council appoints a Board and Board members are removable by the Town Council. TIRZ#5 commenced December 2014 and will terminate on December 31, 2049, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. TIRZ#5 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances. TIRZ#5 qualifies for blending because the Board is the same as the Town Council. TIRZ#5 is reported as a blended component unit of the Town and it does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Six (TIRZ #6)

The Town created Tax Increment Reinvestment Zone Number Six (TIRZ#6) to provide additional financing resources to further enhance development within the zone. The Town Council appoints a Board and Board members are removable by the Town Council. TIRZ#6 commenced November 1, 2016 and will terminate on December 31, 2052, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. TIRZ#6 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances. TIRZ#6 qualifies for blending because the Board is the same as the Town Council. TIRZ#6 is reported as a blended component unit of the Town and it does not issue separate financial statements.

C. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. Additionally, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public works, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are also reported as general revenues rather than as program revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the general fund, the debt service fund, the capital projects fund, and the Valencia capital projects fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures /expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The non-major funds are detailed in the combining section of the financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements; however, interfund services provided and used are not eliminated in the process of consolidation.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The government-wide and proprietary fund financial statements follow the accounting set forth by the Governmental Accounting Standards Board.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. The governmental fund financial statements follow the accounting set forth by the Governmental Accounting Standards Board.

Property taxes, sales taxes, franchise fees, certain other fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fund Accounting
The following major funds are used by the Town:

1. Governmental Funds:

Governmental Funds are those through which most governmental functions of the Town are financed. The acquisition, use and balances of the Town's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of changes in financial position, rather than on net income determination. The following is a description of the major Governmental Funds of the Town:

General Fund is the Town's primary operating fund. This fund is used to account for all financial resources of the general government, except those required to be accounted for in other funds.

Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general obligation long-term debt paid from taxes levied by the Town.

Capital Projects Fund is used to account for the acquisition or construction of capital facilities and improvements except those being financed by proprietary funds.

PID Capital Projects Fund is used to account for the acquisition or construction of capital facilities and improvements relating to the Valencia, Lakeside and Hillstone Public Improvement Districts (PIDs).

The Town reports the following non-major governmental funds.

Dedication Funds accounts for dedicated revenue that is attributed to court operations, motor vehicle and child safety.

Donations Fund accounts for donations made by civic organizations, businesses, and citizens for specific uses which include the library, animal control center, police, and fire departments. Donations are generally donated for the purchase of equipment.

Forfeitures Fund accounts for fines and forfeiture of property resulting from criminal cases within the boundaries of the Town that have been adjudicated by the State of Texas in District Court.

Street Maintenance Fund – this Special Purpose District provides 1/4 cent sales and use tax for street maintenance. This was originally approved in 2009 by voters and has since been renewed twice by the citizens of Little Elm. This Special Purpose District is up for renewal in 2021.

Red Light Camera Fund accounts for proceeds and expenses related to red-light cameras.

Stormwater Drainage Fund accounts for fees charged for stormwater drainage services.

PEG Fund accounts for fees used to defer the cost of streaming Council meeting videos of all meetings to meet the objective of local government transparency.

Grant Fund accounts for the grant expenditures for emergency activity due to the COVID 19 pandemic.

Landscape Fund The fund was established by resolution from Council whereby all funds from lease/rental payments received from broadband and cellular providers is set aside for Streetscape improvements throughout the Town. In particular to manage the medians and screening walls along all street thoroughfares.

Little Elm Parks Fund accounts for fees used to help fund parks and recreational spaces.

Little Elm TIRZ#3 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 3.

Little Elm TIRZ#4 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 4.

Little Elm TIRZ#5 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 5.

Little Elm TIRZ#6 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 6.

Highway 380 MMD fund accounts for the Town's contributions to the Highway 380 Municipal Management District (MMD).

The Town reports the following fiduciary fund:

Public Improvement District (PID) Agency Fund accounts for bond proceeds, assessments, and related debt associated with the issuance of bonds issued by the Town as an agent for the Valencia, Hillstone, and Lakeside Public Improvement Districts.

Governmental funds with legally adopted annual budgets include the General Fund and the Debt Service Fund.

2. Proprietary Funds:

Proprietary Funds are accounted for using an economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position.

The proprietary funds are financed and operated in a manner similar to private business enterprise. The costs (expenses including depreciation on capital assets) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The following is a description of the major enterprise funds of the Town:

The Water and Sewer Fund is used to account for the operations of providing water and sewer services to residential and commercial customers.

The Solid Waste Fund is used to account for the collection of trash and recyclables from residential users.

Additionally, the Town reports an Internal Service Fund to account for the financing of goods or services provided by one department to other departments within the Town. The Vehicle Replacements fund is used to account for the acquisition and disposal of vehicles and large dollar equipment for the Town.

E. Cash and Cash Equivalents

Cash of all funds, excluding the Town's payroll clearing account, medical card account, and certain escrow accounts, is pooled into a common interest-earning bank account in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash has equity therein, and interest earned on these monies is allocated based upon relative equity at each month end.

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the Town.

The Town may invest in certificates of deposit, authorized investment pools and funds, U.S. Government Securities, commercial paper, and repurchase agreements. Investments purchased with pooled cash, as well as separate investments, are recorded at fair value. The fair value is based on the market price. The fair value of the local government investment pools are the same as the fair value of the pool shares.

Restricted cash and cash equivalents represent bond debt service reserves and restricted accounts required to be established under the various TIRZ and PID agreements of the Town.

F. Inventories, Prepaid Items and Deferred Charges

Inventory is valued at cost (first-in, first-out). The cost of governmental fund type inventory is recorded as an expenditure when consumed rather than when purchased. Reported inventories are equally offset by non-spendable fund balance, which indicates that they do not constitute "available, spendable resources" even though they are a component of fund balance. Inventories in the Proprietary Funds consist of meters and various supplies.

Prepaid balances are for payments made by the Town for which benefits extend beyond September 30, 2020, and the non-spendable fund balance has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures. The cost of prepaid services is recorded based on when prepaids are consumed rather than when purchased.

G. Accounts Receivable

Accounts receivable consist primarily of amounts due from citizens for various services provided by the Town as well as property taxes, sales taxes receivable, franchise taxes and amounts due from other governments. Management evaluates the adequacy of the allowance for doubtful accounts based on a review of the aging of accounts and other specific information known by management.

H. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $10,000. Such assets are recorded at historical cost. Donated capital assets are recorded at the acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities acquired with tax-exempt debt is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	20 - 40
Infrastructure	10 - 25
Water and sewer system	40
Improvements other than buildings	7 - 40
Machinery and equipment	3 - 20

J. Interfund Transactions

During the course of normal operations, the Town has transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. There is no interest charged between funds for these advances.

K. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

L. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources and pension expense, Town specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the Town's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Information regarding the Town's Total Pension and Total OPEB Liabilities is obtained from TMRS through reports prepared for the Town by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions and Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

N. Deferred Outflows and inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has the following items that qualify for reporting in this category:

Deferred Loss or Gain on Refunding – these deferred outflows and inflows is the result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Pension / OPEB – these deferred outflows result from pension/ OPEB contributions after the measurement date (deferred and recognized in the following fiscal year). Deferred outflows/inflows is the result from pension/OPEB differences in projected and actual earnings on pension / OPEB assets (deferred and amortized over a closed five year period). Deferred outflows/inflows may also occur from the changes in pension/OPEB actuarial assumptions and/or from the difference in expected and actual experiences which are deferred and amortized for a period determined by the pension/OPEB actuarial measurement.

O. Fund Equity

Governmental Funds:
The Town has adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions.

The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 are Nonspendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with GASB 54, the Town classifies governmental fund balances as follows:

Nonspendable: includes amounts that are not in a spendable form or are legally or contractually required to be maintained intact.

Restricted: includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed: includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision making authority, which is the Town Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is an ordinance adopted by the Town Council. The ordinance must either adopt or rescind the commitment, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

Assigned: includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used by the Town for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The Town Council has authorized the Town Manager or his or her designee as the official authorized person to assign fund balance to a specific purpose as approved by the fund balance policy.

Unassigned fund balance: is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

Order of Expenditure of Funds: When multiple categories of fund balance are available for expenditure, the Town will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

Economic stabilization: It is the goal of the Town to achieve and maintain an unassigned fund balance in the General Fund equal to 25% of the budgeted expenditures in the General Fund for unanticipated expenditures, unforeseen revenue fluctuations, or other adverse circumstances. The fund balance level may be reduced to the equivalent of 15% of budgeted expenditures in unusual financial circumstances. If such a situation should occur, the Town will implement necessary corrective action with a three-year plan to restore the unassigned fund balance to the equivalent of 25% of budgeted expenditures.

Proprietary Funds:
Net position represents the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent debt proceeds.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

P. Subsequent Events

The Town has evaluated all events or transactions that occurred after September 30, 2020 up through March 9, 2021, the date the financial statements were issued.

Note 2. Cash and Investments

The Town has adopted an investment policy pursuant to Chapter 2256 of the Texas Government Code, which authorizes the Town's investments in United States government obligations and its agencies, obligations of Texas and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers' acceptances, government pools, and money market funds. The Town selects its investments based on safety, liquidity, yield, and public trust.

The EDC can invest in obligations of the United States Treasury, the State of Texas, certain United States Agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds, and other investments specifically allowed by the Public Funds Investment Act of 1987 (Article 842a-2 Vernon's Civil Statutes).

At year end, the carrying amount of the Town's deposits was $50,972,241 and the bank balance was $50,905,794. The bank balance was completely covered by federal deposit insurance and collateral held by the pledging financial institution in the Town's name.

Cash and investments as of September 30, 2020 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Primary Government:	
Cash and cash equivalents	37,569,454
Investments	27,042,110
Restricted cash and cash equivalents	10,027,644
Restricted investments	6,972,788
Fiduciary Fund:	
Cash and cash equivalents	111,736
Restricted investments	4,877,734
Component Units:	
Cash and cash equivalents	3,199,233
Investments	104,902
Total cash and investments	$ 89,905,601
Cash on hand:	$ 2,273
Deposits with financial institutions	50,905,794
Investments	38,997,534
Total cash and investments	$ 89,905,601

The table below identifies the investment types that are authorized for the Town by the Public Funds Investment Act. (Government Code Chapter 2256) The table also identifies certain provisions of the Town's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury obligations	2 years	None	None
U.S. Agency obligations	2 years	None	None
Certificates of deposit	2 years	None	None
Direct repurchase agreements	2 years	None	None
No-load money market mutual funds	2 years	None	None
Direct obligations of State of Texas	2 years	None	None
Investment pools	2 years	None	None

Disclosures relating to credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization for negotiable investments. The minimum rating required by (where applicable) the Public Funds Investment Act, the Town's investment policy, or debt agreements, and the actual rating as of year-end for the mutual funds held by the Town and TexPool Prime was AAA-m at September 30, 2020.

Concentration of credit risk

The Town's investment policy is to avoid a concentration of assets in a specific maturity, a specific issue, or a specific class of investments.

Custodial credit and interest rate risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

The Town requires all deposits to be covered by Federal Depository Insurance Corporation (FDIC) insurance and/or collateralized by qualified securities pledged by the Town's depository in the Town's name and held by the depository's agent.

As of September 30, 2020 the Town deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

In accordance with its investment policy, the Town manages its exposure to declines in fair value by limiting the weighted average maturity of its non-bond proceed investments to no more than nine months.

The Town has recurring fair value measurements as presented in the table below. The Town's investment balances and weighted average maturity of such investments are as follows:

Certificate of deposits that are non-negotiable are measured at cost and may be withdrawn at cost with forfeit of the interest that accrues based on agreement with financial institution. Mutual funds reported as level 1 are valued at the net asset value (NAV) of shares held by the Town at year end. The NAV is a quoted price in an active market. Negotiable certificate of deposits are held with a financial investment institution and are bought and sold as part of the Town's investment portfolio. Negotiable certificate of deposits are measured at fair value with level 2 inputs.

		Fair Value Measurements Using				
	Value at September 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Percent of Total Investments	Weighted Average Maturity (Days)
Investments not subject to Fair Value:						
Non-negotiable Certificate of Deposits:						
Legacy CD	$ 5,000,000	$ -	$ -	$ -	12.82%	184
Investment Pools:						
TexPool Prime	19,045,771	-	-	-	48.84%	38
Subject to fair value level:						
Marketable Equity Securities						
Mutual Funds - Short Term Investments	6,333,506	6,333,506	-	-	16.24%	41
Negotiable Certificate of Deposits	8,618,257	-	8,618,257	-	22.10%	434
Total Value	$ 38,997,534	$ 6,333,506	$ 8,618,257	$ -		145

Note 3. Property Taxes

Taxes are levied on October 1 and are payable until January 31 without penalty. Property taxes attach as an enforceable lien on property as of January 1. The total assessed value upon which the fiscal year 2020 (2019 tax) levy was based was approximately $4,388,888,355. Such assessed value was computed based on 100% appraised values.

Article XI, Section 5 of the Texas Constitution allows a tax rate up to $2.50 per $100 valuation. Further, Section 8.03B of the Town's Home-Rule Charter provides that the "Town Council shall have the power, and is hereby authorized to levy, assess, and collect annual taxes not to exceed the maximum limit set by the Constitution and laws of the State of Texas, as they now exist or as they may be amended, on each one hundred dollars ($100.00) assessed valuation". The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2020 was $0.6499 per $100 of assessed valuation. Current tax collections for the year ended September 30, 2020 were approximately 99.72% of the tax levy.

Note 4. Receivables

Receivables as of year-end for the government's individual major funds, non-major funds in the aggregate and discretely presented component units, including the applicable allowances for uncollectible accounts as of September 30, 2020 are as follows:

	Governmental Funds			
	General	Debt Service	Nonmajor Funds	Total
Ad valorem taxes	$ 186,773	$ 59,365	$ -	$ 246,138
Sales taxes	917,244	-	263,585	1,180,829
Court	1,718,555	-	-	1,718,555
Ambulance	858,967	-	-	858,967
Storm drainage	-	-	154,836	154,836
Franchise fees	918,071	-	-	918,071
Other	565,443	-	75,519	640,962
Gross receivables	5,165,053	59,365	493,940	5,718,358
Less: allowances	(2,120,324)	(5,032)	(15,483)	(2,140,839)
Net total receivables	$ 3,044,729	$ 54,333	$ 478,457	$ 3,577,519

	Proprietary Funds		
	Water and Sewer	Solid Waste	Total
Customer accounts	$ 2,787,442	$ 319,607	$ 3,107,049
Note receivable	500,000	-	500,000
Other	461,371	-	461,371
Gross receivables	3,748,813	319,607	4,068,420
Less: allowances	(336,551)	(26,744)	(363,295)
Net total receivables	$ 3,412,262	$ 292,863	$ 3,705,125

	Component Units		
	EDC	CDC	Total
Sales taxes	$ 547,146	$ 229,502	$ 776,648
Total receivables	$ 547,146	$ 229,502	$ 776,648

Direct-Financing Lease

EDC leases certain Corporation-owned property to a company for use in its business. The lease is classified as a direct-financing lease and expires in 2043. The following are the components of the EDC's net investment in direct financing leases and reported as leases receivable as of September 30, 2020:

Total minimum lease payments to be received	$ 4,573,695
less: unearned interest income	(1,688,106)
Net investment in direct financing lease	$ 2,885,589

As of September 30, 2020, minimum lease payments are as follows:

Fiscal Year	Amount
2021	$ 205,559
2022	205,559
2023	205,559
2024	205,559
2025	205,559
2026-2030	1,027,797
2031-2035	1,027,797
2036-2040	1,027,797
2041-2043	462,509
	$ 4,573,695

Note 5. Capital Assets

Capital asset activity for the year ended September 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 9,210,630	$ -	$ -	$ -	$ 9,210,630
Construction in progress	14,378,446	22,229,169	-	(1,919,088)	34,688,527
Total capital assets, not being depreciated	23,589,076	22,229,169	-	(1,919,088)	43,899,157
Capital assets being depreciated:					
Infrastructure	149,241,091	5,354,045	-	-	154,595,136
Buildings	39,970,285	-	(123,522)	-	39,846,763
Improvements other than buildings	24,544,160	106,308	-	1,919,088	26,569,556
Machinery and Equipment	16,629,305	2,840,471	(49,682)	-	19,420,094
Total capital assets being depreciated	230,384,841	8,300,824	(173,204)	1,919,088	240,431,549
Less accumulated depreciation for:					
Infrastructure	47,209,242	3,163,966	-	-	50,373,208
Buildings	6,599,234	995,340	(6,176)	-	7,588,398
Improvements other than buildings	5,362,685	1,529,451	-	-	6,892,136
Machinery and Equipment	9,456,554	1,752,586	(33,122)	-	11,176,018
Total accumulated depreciation	68,627,715	7,441,343	(39,298)	-	76,029,760
Total capital assets being depreciated, net	161,757,126	859,481	(133,906)	1,919,088	164,401,789
Governmental activities capital assets, net	$ 185,346,202	$ 23,088,650	$ (133,906)	$ -	$ 208,300,946

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	$ 1,639,066	$ -	$ -	$ -	$ 1,639,066
Construction in progress	13,560,560	603,473	-	(11,063,726)	3,100,307
Total capital assets, not being depreciated	15,199,626	603,473	-	(11,063,726)	4,739,373
Capital assets being depreciated:					
Buildings	2,229,206	-	-	-	2,229,206
Water system improvements	48,827,736	743,031	-	-	49,570,767
Sewer system improvements	34,312,309	2,124,428	-	11,063,726	47,500,463
Machinery and equipment	3,298,431	336,431	-	-	3,634,862
Total capital assets being depreciated	88,667,682	3,203,890	-	11,063,726	102,935,298
Less accumulated depreciation for:					
Buildings	166,873	53,404	-	-	220,277
Water system improvements	11,282,524	240,319	-	-	11,522,843
Sewer system improvements	10,434,758	1,352,689	-	-	11,787,447
Machinery and equipment	2,073,766	991,677	-	-	3,065,443
Total accumulated depreciation	23,957,921	2,638,089	-	-	26,596,010
Total capital assets being depreciated, net	64,709,761	565,801	-	11,063,726	76,339,288
Business-type activities capital assets, net	$ 79,909,387	$ 1,169,274	$ -	$ -	$ 81,078,661

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 227,354
Public safety	1,269,315
Public works	3,210,461
Culture and recreation	1,919,917
Internal service fund	814,296
	$ 7,441,343
Business-type activities:	
Solid Waste	$ 26,031
Water and Sewer	2,612,058
	$ 2,638,089

Note 6. Interfund Activity

Transfers are used to provide funds for debt service, contributions for capital construction, cost allocations and other operational costs as determined by the Town's annual budget. Transfers between funds during the year were as follows:

Transfer In	Transfer Out	Amount	Purpose
General Fund	Non-major Governmental Fund	$ 165,362	To correct allocation of funds from TIRZ
General Fund	Solid Waste Fund	175,000	Transfer for operating services
General Fund	Water and Sewer Fund	1,800,000	Transfer for operating services
General Fund	Non-major Governmental Fund	85,432	To fund maintenance on behalf of the TIRZ
Debt Service Fund	Non-major Governmental Fund	508,366	Budgeted debt service payment from TIRZ
Debt Service Fund	Non-major Governmental Fund	567,162	To correct allocation of funds from TIRZ
Capital Projects Fund	General Fund	2,378,788	Funding for infrastructure CIP projects
Capital Projects Fund	PID Capital Projects Fund	822	Reimbursement of funds for capital project cost
Capital Projects Fund	Non-major Governmental Fund	67,838	Funding for capital projects that are restricted by revenue funding source
Non-major Governmental Fund	Solid Waste Fund	391,000	Solid waste portion of landscaping projects
Non-major Governmental Fund	Capital Projects Fund	834,081	To fund landscaping projects and operations
Non-major Governmental Fund	General Fund	245,262	Dedication of funds for restricted services
		$ 7,219,113	

During a fiscal year, interfund receivables and payables arise. Interfund payables are expected to be paid within the following year. The following were receivable and outstanding as of September 30, 2020:

Receivable	Payable	Amount	Purpose
General Fund	Non-major Governmental	$ 42,757	Short term funding for operational cash
Debt Service Fund	Non-major Governmental	508,521	Funds owed for allocation of restricted debt service purposes
Capital Projects Fund	General Fund	2,000,000	Funding owed for capital projects
Non-major Governmental	General Fund	1,376	Funds owed for allocation of restricted purposes
Non-major Governmental	Debt Service Fund	123	Funds owed for allocation of restricted purposes
		$ 2,552,777	

Note 7. Deferred Inflows of Resources

Governmental funds report deferred inflows of resources in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Total
Property taxes	$ 153,785	$ 48,745	$ -	$ -	$ 202,530
Court fines	223,302	-	-	-	223,302
Other	167,212	-	1,273,213	70,488	1,510,913
Total	$ 544,299	$ 48,745	$ 1,273,213	$ 70,488	$ 1,936,745

Note 8. Long-Term Debt

The Town of Little Elm issues general obligation bonds, certificates of obligation and revenue bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The Town also issues revenue bonds where the Town pledges income derived from the acquired or constructed assets, or sales tax to pay the debt service.

Changes in Long-term Liabilities

On September 22, 2020, the Town issued $4,085,000 Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020 at a premium of $303,844. Proceeds from the sale of the certificates will be used for (i) constructing, improving and equipping the Town's aquatics center, (ii) constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, signage, traffic signalization and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor, (iii) acquiring, constructing, improving and equipping municipal park and recreational facilities, including the acquisition of land therefor.

On April 30, 2020, the Town issued $5,725,000 of General Obligation Refunding Bonds, Series 2020, to refund governmental activities debt for $5,466,218 of General Obligation Refunding and Improvement Bonds, series 2010, and business type activities debt for $158,784 of General Obligation Combination Tax and Revenue Refunding Bonds, Series 2010. The difference between the debt service of the old and new debt is $845,216, resulting in an economic gain of $743,694.

The following is a summary of changes in long-term debt for the year ended September 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
Governmental activities:					
General obligation bonds	$ 22,541,613	$ 5,560,000	$ (7,736,613)	$ 20,365,000	$ 2,515,000
Unamortized bond premium	2,800,220	303,844	(332,260)	2,771,804	-
Certificates of obligation	35,860,000	4,085,000	(3,105,000)	36,840,000	1,695,000
Tax Notes	495,000	-	(245,000)	250,000	250,000
Compensated absences	2,524,700	1,364,927	(1,007,445)	2,882,182	1,291,581
Net pension liability	6,972,617	-	(1,672,286)	5,300,331	-
OPEB	298,307	81,479	-	379,786	-
	71,492,457	11,395,250	(14,098,604)	68,789,103	5,751,581
Business-type activities:					
General obligation bonds	18,228,388	165,000	(1,648,388)	16,745,000	1,485,000
Certificates of obligation	21,270,000	-	(1,230,000)	20,040,000	1,175,000
Unamortized bond premium	1,639,444	-	(146,968)	1,492,476	-
Compensated absences	268,969	100,481	(98,661)	270,789	92,572
Note payable to EDC	600,000	-	(100,000)	500,000	100,000
Net pension liability	838,342	-	(310,665)	527,677	-
OPEB	31,097	6,713	-	37,810	-
	42,876,240	272,194	(3,534,682)	39,613,752	2,852,572
Total Primary Government	$ 114,368,697	$ 11,667,444	$ (17,633,286)	$ 108,402,855	$ 8,604,153
Component Units:					
Notes payable - EDC	$ 11,819,698	$ 6,659,559	$ (7,210,928)	$ 11,268,329	$ 687,980
Compensated absences	72,410	27,795	(90,546)	9,659	2,307
	$ 11,892,108	$ 6,687,354	$ (7,301,474)	$ 11,277,988	$ 690,287

Long-term debt of the Town is comprised of the following individual issues as of September 30, 2020:

Certificates of Obligation	Outstanding Governmental	Due in one year	Outstanding Business-Type	Due in one year
$6,000,000 Series 2013 Combination Tax and Revenue Certificates of Obligation due in annual installments of $150,000 to $335,000 through August 2028, plus interest at 1.50% to 3.00%	$ 4,270,000	$ 280,000		
$3,000,000 Series 2013A Combination Tax and Revenue Certificates of Obligation due in annual installments of $130,000 to $210,000 through August 2033, plus interest at 1.50% to 3.50%	2,200,000	140,000		
$9,966,000 Series 2015 Combination Tax and Revenue Certificates of Obligation due in annual installments of $275,000 to $630,000 through August 2036, plus interest at 2.00% to 3.50%	8,105,000	420,000		
$9,966,000 Series 2018 Combination Tax and Revenue Certificates of Obligation due in annual installments of $440,000 to $2,000,000 through August 2038, plus interest at 3.00% to 5.00%	11,810,000	440,000		
$6,640,000 Series 2019 Combination Tax and Revenue Certificates of Obligation due in annual installments of $410,000 to $410,000 through February 2039, plus interest at 1.18% to 2.75%	6,370,000	235,000		
$4,085,000 Series 2020 Combination Tax and Revenue Certificates of Obligation due in annual installments of $160,000 to $250,000 through February 2040, plus interest at 2.00% to 2.37%	4,085,000	180,000		
$6,000,000 Series 2012 Combination Tax and Revenue Certificates of Obligation due in annual installments of $280,000 to $495,000 through August 2027, plus interest at 2.00% to 2.38%			$ 3,160,000	$ 410,000
$7,640,000 Series 2016 Combination Tax and Revenue Certificates of Obligation due in annual installments of $205,000 to $510,000 through August 2036, plus interest at 2.00% to 5.00%			6,580,000	315,000
$11,830,000 Series 2017 Combination Tax and Limited Pledge Revenue Certificates of Obligation due in annual installments of $450,000 to $770,000 through August 2037, plus interest at 3.00% to 5.00%			10,300,000	450,000
	$ 36,840,000	$ 1,695,000	$ 20,040,000	$ 1,175,000

General Obligation Bonds	Outstanding Governmental	Due in one year	Outstanding Business-Type	Due in one year
$2,735,000 Series 2012A General Obligation due in annual installments of $130,000 to $210,000 through September 2027, plus interest at 2.09%	$ 1,395,000	$ 185,000		
$6,985,000 Series 2012 Combination Tax and Revenue Refunding General Obligation due in annual installments of $300,000 to $700,000 through August 2024, plus interest at 2.00% to 3.00%	905,000	425,000		
$6,725,000 Series 2016 General Obligation Refunding Bonds due in annual installments of $375,000 to $735,000 through August 2027, plus interest at 2.00% to 5.00%	4,400,000	595,000	$ 1,150,000	$ 275,000
$4,550,000 Series 2014 General Obligation Refunding Bonds due in annual installments of $235,000 to $375,000 through August 2029, plus interest at 2.00% to 4.00%	1,310,000	130,000	1,650,000	165,000
$7,320,000 Series 2019 General Obligation Refunding Bonds due in annual installments of $525,000 to $880,000 through August 2029, plus interest at 1.60% to 2.20%	6,795,000	625,000	-	-
$13,645,000 Series 2017 General Obligation Refunding Bonds due in annual installments of $10,000 to $1,090,000 through September 2025, plus interest at 3.00% to 5.00%			12,320,000	665,000
$3,040,000 Series 2013 General Obligation Refunding Bonds due in annual installments of $205,000 to $525,000 through September 2025, plus interest at 2.00% to 2.50%			1,460,000	215,000
$5,725,000 Series 2020 General Obligation Refunding Bonds due in annual installments of $720,000 to $535,000 through September 2030, plus interest at 2.00% to 1.77%	5,560,000	555,000	165,000	165,000
	$ 20,365,000	$ 2,515,000	$ 16,745,000	$ 1,485,000

Tax Notes	Outstanding Governmental	Due in one year	Outstanding Business-Type	Due in one year
$1,990,000 Series 2014 Tax Notes due in annual installments of $230,000 to $250,000 through September 2021, plus interest at 1.77%	$ 250,000	$ 250,000	$ -	$ -
	$ 250,000	$ 250,000	$ -	$ -

The annual aggregate maturities for each bond type are as follows:

General Obligation Bonds

Fiscal Year Ending September 30,	Governmental Activities			Business Activities		
	Principal	Interest	Total	Principal	Interest	Total
2021	$ 2,515,000	$ 535,448	$ 3,050,448	$ 1,485,000	$ 745,088	$ 2,230,088
2022	2,450,000	456,312	2,906,312	1,395,000	527,856	1,922,856
2023	2,390,000	375,663	2,765,663	1,440,000	473,356	1,913,356
2024	2,300,000	296,106	2,596,106	1,490,000	417,806	1,907,806
2025	2,375,000	238,994	2,613,994	1,515,000	367,756	1,882,756
2026-2030	8,335,000	454,598	8,789,598	5,270,000	1,177,200	6,447,200
2031-2035	-	-	-	4,150,000	325,588	4,475,588
Total	$ 20,365,000	$ 2,357,121	$ 22,722,121	$ 16,745,000	$ 4,034,650	$ 20,779,650

Certificates of Obligation

Fiscal Year Ending September 30,	Governmental Activities			Business Activities		
	Principal	Interest	Total	Principal	Interest	Total
2021	$ 1,695,000	$ 1,187,266	$ 2,882,266	$ 1,175,000	$ 625,858	$ 1,800,858
2022	1,715,000	1,146,994	2,861,994	1,230,000	579,408	1,809,408
2023	1,775,000	1,093,294	2,868,294	1,270,000	540,158	1,810,158
2024	1,820,000	1,036,869	2,856,869	1,315,000	502,958	1,817,958
2025	1,885,000	974,419	2,859,419	1,360,000	463,958	1,823,958
2026-2030	10,605,000	3,711,370	14,316,370	5,940,000	1,688,913	7,628,913
2031-2035	11,270,000	1,790,317	13,060,317	5,720,000	883,065	6,603,065
2036-2040	6,075,000	320,620	6,395,620	2,030,000	89,725	2,119,725
Total	$ 36,840,000	$ 11,261,149	$ 48,101,149	$ 20,040,000	$ 5,374,043	$ 25,414,043

Tax Notes

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2021	$ 250,000	$ 4,425	$ 254,425
Total	$ 250,000	$ 4,425	$ 254,425

On December 15, 2015, the Town Council approved an Interlocal Chapter 380 Economic Development Program and Performance Agreement between the Town of Little Elm and the Little Elm EDC for payments related to the Utility Acquisition Agreement with Mustang Special Utility District (SUD). Mustang SUD agreed to purchase the system and assume the contracts for a cash consideration of $1,000,000 which is to be paid to the Town in ten equal yearly payments of $100,000 with the first installment payment to the Town to occur on July 1, 2016. The Town also covenants and agrees to pay to the Little Elm EDC the ten equal yearly payments. Accordingly a note payable / receivable has been recorded between the Town and Little Elm EDC. The remaining balance as of September 30, 2020 was $500,000.

Compensated Absences

Substantially all vacation and sick leave are paid by the General Fund.

Discretely presented component units – Economic Development Corporation

Notes payable of the Little Elm Economic Development Corporation as of September 30, 2020 are as follows:

Payee	Description	Balance 09/30/20
Government Capital Corporation	$6,659,559, payable to bank, made June 23, 2020 payable in semi-annual installments of $337,252 starting September 15, 2020 through September 15, 2031, including interest at 2.75%.	$ 6,365,039
Southside Bank	$2,543,750, payable to bank, made January 2015, payable in semi-annual installments of $87,965 through November 15, 2034, including interest at 3.4%	1,998,841
Government Capital Corporation	$3,048,000 payable to bank, made July 13, 2017 payable in quarterly installments of $34,138 through October 13, 2018, and then $51,389 through to final payment January 13, 2043, including interest at 4.48%	2,904,449
		$ 11,268,329

During 2017, EDC entered into a $3,048,000 note payable with the Government Capital Corporation. Proceeds from the note were used to fund construction of the facility described in the direct-financing lease portion of Note 4.

In 2020, the EDC entered into a note payable with Government Capital Corporation in the amount of $6,659,559. The proceeds of the note were used to refund the outstanding balances of two notes originally entered into with Government Capital Corporation (one dated October 2011 in the amount of $7,780,815 and the other dated May 2013 in the amount of $2,000,000) as well as accrued interest and issuance cost. The difference between the remaining debt service payments on the old debt and new debt is $346,533 resulting in an economic gain of $310,871.

Annual debt service requirements for the Economic Development Corporation loans are as follows:

Year	Principal	Interest	Total
2021	$ 687,980	$ 368,014	$ 1,055,994
2022	709,149	346,845	1,055,994
2023	730,992	325,002	1,055,994
2024	753,532	302,462	1,055,994
2025	776,792	279,202	1,055,994
2026-2030	4,259,793	1,020,176	5,279,969
2031-2035	2,046,805	449,289	2,496,094
2036-2040	819,677	208,120	1,027,797
2041-2043	483,609	30,288	513,897
Total	$ 11,268,329	$ 3,329,398	$ 14,597,727

Note 9. Pension Plan

Plan Description

The Town participates as one of 888 cities in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CFAR) that can be obtained at www.tmrs.com.

All eligible employees of the Town are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the Town-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the Town granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the Town can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and Town matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service. A member is vested after 5 years. The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	52
Inactive employees entitled to but not yet receiving benefits	162
Active employees	270
	484

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for each Town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Town were 13.31% and 13.59% in calendar years 2019 and 2020, respectively. The Town's contributions to TMRS for the year ended September 30, 2020 were $2,640,722, and were equal to the required contributions.

The Town's Net Pension Liability (NPL) was measured as of December 31, 2019 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary Increases	3.5% to 11.5% per year including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for post-retirement were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Mortality rates for pre-retirement were based on PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Actuarial assumptions used in the December 31, 2019 valuation were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were first adopted in 2019 and first used in the December 31, 2019 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Allocations

The Town's net pension liability, pension expense, and deferred outflows of resources related to TMRS have been allocated between governmental activities and business-type activities using a contribution-based method.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2018	$ 38,676,724	$ 30,865,765	$ 7,810,959
Changes for the year:			
Service Cost	3,282,649	-	3,282,649
Interest	2,691,346	-	2,691,346
Change of benefit terms	-	-	-
Difference between expected and actual experience	279,168	-	279,168
Changes of assumptions	178,056	-	178,056
Contributions - employer	-	2,386,394	(2,386,394)
Contributions - employee	-	1,267,432	(1,267,432)
Net investment income	-	4,788,117	(4,788,117)
Benefit payments, including refunds of employee contributions	(892,522)	(892,522)	-
Administrative expense	-	(26,963)	26,963
Other changes	-	(810)	810
Net Changes	5,538,697	7,521,648	(1,982,951)
Balance at 12/31/2019	$ 44,215,421	$ 38,387,413	$ 5,828,008

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability	$ 13,839,800	$ 5,828,008	$ (582,731)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained at www.tmrs.com.

The general fund has typically been used to liquidate pension and OPEB liabilities related to governmental activities.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2020, the Town recognized pension expense of $2,970,097. At September 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 970,483	$ 45,278
Changes in actuarial assumptions	164,981	-
Difference between projected and actual investment earnings	-	1,132,994
Contributions subsequent to the measurement date	2,012,692	-
Total	$ 3,148,156	$ 1,178,272

The $2,012,692 reported as deferred outflows of resources related to pensions result from contributions subsequent to the measurement date and will reduce the net pension liability during the fiscal year ended September 30, 2021. The other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended Sept. 30:	Net deferred outflows (inflows) of resources
2021	$ 38,056
2022	(27,308)
2023	239,231
2024	(337,356)
2025	44,569
	$ (42,808)

Note 10. Other Postemployment Benefits Plan (OPEB)

A. Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.The Town has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for Town reporting.

B. Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of $7,500.

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	38
Inactive employees entitled to but not yet receiving benefits	32
Active employees	270
	340

C. Contributions

The member town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member town. The contractually required contribution rate is determined annually for each town. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the town. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The retiree portion of contribution rates to the SDBF for the Town was 0.01% in both calendar years 2019 and 2020. The Town's contributions to the SDBF for the year ended September 30, 2020 were $1,952, and were equal to the required contributions. Covered Payroll was $19,524,411.

D. Total OPEB Liability

The Town's Total OPEB Liability (TOL) was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

E. Actuarial Assumptions

The Total OPEB Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 11.5% including inflation
Discount rate	2.75%
Retiree's share of benefit-related costs	$0
Actuarial cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll; closed

Salary increases were based on a service-related table. Salary increases were based on a service-related table. Mortality rates for post-retirement were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Mortality rates for pre-retirement were based on PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Actuarial assumptions used in the December 31, 2019 valuation were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were first adopted in 2019 and first used in the December 31, 2019 actuarial valuation.

The discount rate used to measure the Total OPEB Liability was 2.75% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

F. Changes in Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2018	$329,404
Changes for the year:	
Service Cost	27,159
Interest on Total OPEB Liability	12,691
Change of benefit terms	-
Difference between expected and actual experience	(31,013)
Changes of assumptions or other inputs	81,166
Benefit payments	(1,811)
Administrative expense	-
Other changes	-
Net changes	88,192
Balance at 12/31/19	$417,596

Total OPEB liability was 2.31% of covered payroll during the measurement period.

G. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, calculated using the discount rate of 3.75%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.75%) or 1 percentage-point higher (3.75%) than the current rate:

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
Total OPEB Liability	$ 522,136	$ 417,596	$ 338,921

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2020, the Town recognized pension expense of $45,880. At September 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 30,342
Changes in assumptions and other inputs	89,409	21,167
Contributions subsequent to the measurement date	1,482	-
Total	$ 90,891	$ 51,509

The $1,482 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2021. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended Sept. 30:	Net deferrred outflows (inflows) of resources
2021	$ 6,030
2022	6,030
2023	6,030
2024	6,030
2025	5,459
Thereafter	8,321
Total	$ 37,900

Note 11. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Town is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of 2,800 individual governments and political subdivision units located within Texas. The Town pays an annual premium to the funds for its workers' compensation, property and liability, and cyber security insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to $1,000,000 per occurrence with a $2,000,000 annual aggregate. There is a deductible of $5,000 due from the Town per claim for personnel liability claims and a $2,500 deductible for general liability. The cyber security provides various tiers of coverage to limit the Town's exposure to this new risk.

There were no reductions in insurance coverage and the Town had not been declined coverage for any exposures or limits of liability and/or scheduled covered amounts from the previous year. Settled claims for risks have not exceeded insurance coverage for the past three years.

Note 12. Net Position / Fund Balance

In the government-wide financial statements, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either though the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

A. Restricted Net Position

Net position is reported in the government-wide statement of net position consisted of the following as of September 30, 2020:

	Governmental Activities	Business-type Activities	Total Primary Government	Discretely Presented Component Units
Restricted for construction	$ 8,535,081	$ 4,376,151	$ 12,911,232	$ -
Restricted for economic development	1,346,058	-	1,346,058	5,901,870
Restricted for stormwater drainage	1,254,515	-	1,254,515	-
Restricted for street maintenance	1,359,041	-	1,359,041	-
Restricted for streetscape	1,170,497	-	1,170,497	-
Restricted for debt service	839,855	-	839,855	202,757
Restricted for other:				
Grant requirements	408,220	-	408,220	-
Donor stipulations	46,339	-	46,339	-
Pubic, education, gov't access	63,961	-	63,961	-
Emergency management	2,999	-	2,999	-
Parks	114,862	-	114,862	-
Forfeitures	292,588	-	292,588	-
Total restricted for other	928,969	-	928,969	-
	$ 15,434,016	$ 4,376,151	$ 19,810,167	$ 6,104,627

B. Fund Balance

The composition of the governmental fund balances at September 30, 2020 is as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	PID Capital Projects Project	Non major Governmental Funds	Total Governmental Funds
Non-spendable:						
Inventory	$ 65,792	$ -	$ -	$ -	$ -	$ 65,792
Prepaids	15,899	-	-	-	743	16,642
Total nonspendable	81,691	-	-	-	743	82,434
Restricted for:						
Debt service	-	1,078,697	-	-	-	1,078,697
Street maintenance	-	-	-	-	1,359,041	1,359,041
Police	-	-	-	-	65,599	65,599
Fire	-	-	-	-	19,633	19,633
Parks and Rec	-	-	-	-	125,066	125,066
Stormwater drainage	-	-	-	-	1,254,515	1,254,515
Court	-	-	-	-	155,998	155,998
Emergency management	-	-	-	-	2,999	2,999
Library	-	-	-	-	9,420	9,420
Animal Control	-	-	-	-	4,700	4,700
Forfeiture	-	-	-	-	292,588	292,588
Public, Education, Govt. Access	-	-	-	-	63,961	63,961
Streetscape	-	-	-	-	1,100,009	1,100,009
Economic Development	-	-	-	-	1,346,058	1,346,058
Child Safety	-	-	-	-	188,262	188,262
Capital projects	-	-	14,206,970	1,395,177	-	15,602,147
Total restricted	-	1,078,697	14,206,970	1,395,177	5,987,849	22,668,693
Committed to:						
Street development	-	-	1,271,178	-	-	1,271,178
Total committed	-	-	1,271,178	-	-	1,271,178
Unassigned	25,515,797	-	-	-	-	25,515,797
	$ 25,597,488	$ 1,078,697	$ 15,478,148	$ 1,395,177	$ 5,988,592	$ 49,538,102

Note 13. Commitments and Contingencies

In March 2003, the Town entered into a thirty-year contract with the North Texas Municipal Water District (NTMWD) for the purchase of treated water. Under the terms of this contract, the Town is obligated to make a minimum annual payment (adjusted annually) in return for a minimum volume of gallons of water per year. During the year ended September 30, 2020, the cost of water purchased under this contract was $4,589,199.

Management recently became aware that the Town has been overbilling Frisco West Water Control Improvement District (the District) for wholesale sewer since 2018 due to an error in measuring the District's flow. The dollar amount of the overcharges is unknown at this time. The Town and the District are currently in discussion regarding this matter.

The Town also entered into a water transmission facilities contract in March 2003 with the NTMWD. Under the terms of this contract, the NTMWD is to own, operate and maintain water transmission facilities located near the eastern border of the Town. NTMWD issued its Water Transmission Facilities Contract Revenue Bonds, Series 2003 (Town of Little Elm Project), in the amount of $5,390,000 for the purpose of acquiring and constructing the transmission facility. The obligation of the Town was to make payments to NTMWD under contract terms until all of the bonds are paid and retired and is no longer outstanding. During the year ended September 30, 2013, the NTMWD issued its Water Transmission Facilities Contract Revenue Refunding Bonds, Series 2013 (Town of Little Elm) in the amount of $3,555,000 for the purpose of defeasing the Series 2003 obligations. During the year ended September 30, 2020, the payments made under this contract were $388,005.

At September 30, 2020 and subsequent to year end, the Town is committed to numerous contracts for capital improvements totaling $4,904,776. Of this amount, $2,628,410 is attributable to the aquatic center the Town is currently constructing.

Note 14. Little Elm Tax Increment Reinvestment Zones and Public Improvement District

The Town Council created and participates in a total of four Tax Increment Reinvestment Zones ("TIRZ")(#3, #4, #5, and #6). The two original TIRZ created in 2008 referred to as TIRZ #1 and TIRZ #2 were terminated in November 2013. Subsequent to the creation of the two TIRZ zones, the Council on February 3, 2009 authorized and established the creation of the Little Elm Redevelopment Authority ("LERA"). The LERA was dissolved in February 2014. Upon the termination of TIRZ #1 in 2013, the Town created TIRZ #3 for the "Lakefront District" which consists of approximately 847 acres and has a base taxable assessed value of $33,542,713.

The Town Council created TIRZ #4 in December 2013 for the Valencia on the Lake multi-phase residential development of approximately 447.942 acres. The Town also created the Valencia Public Improvement District ("PID") in September 2013 to finance certain public infrastructure improvements. The PID and the TIRZ boundaries are contiguous as the goal of the TIRZ is to assist with the development. The Town issued two series of special assessment revenue bonds (the "PID Bonds") in the amounts of $12,240,000 and $4,000,000 in February 2014 that are secured solely from assessment revenues generated within the Valencia PID. The bonds funded major improvement projects to include certain roadway, water, wastewater and drainage improvements. On November 6, 2018 the Town issued three series of bonds for the Valencia on the Lake PID. The first series of revenue bonds refunded the 2014 Phase #1 Bonds, refinanced the Phase #1 reimbursement agreement portion of the 2014 bonds and restructured the debt service requirements by passage of Ordinance No.1445. The second series of revenue bonds were identified as the Improvement Area #2 Refunding and Improvement Bonds and were issued to refund a portion of the 2014 bonds used to finance improvements related to Improvement Area #2, refinance the pro rata portion of the Phase #2 local improvements and financed additional improvements relating in Improvement Area #2 thru Ordinance No. 1446. The Major Improvement Area Refunding Bonds were the third series of bonds issued in FY2018 thru Ordinance No. 1447. They were to refund the pro-rata portion of the 2014 Major Improvement Bonds related to Phases #2B, #3B, and #4.

The Town Council created TIRZ #5 in December 2014 with a base value of Real Property of $5,380,866. The TIRZ #5 zone has removed sections and added additional property to create the existing 943.5 acre zone. The Hillstone Pointe PID No. 2 was created in June 2015. It is located at the northern section of TIRZ #5 and its boundaries are not contiguous. TIRZ #5 and Hillstone Pointe PID No. 2 are located near the 380 Corridor within the newly annexed area on the northern boundary of the Town of Little Elm. The Town issued $6,000,000 in special assessment revenue bonds (the "PID Bonds") for Phases #1-1a thru approval of Ordinance No. 1422 on October 17, 2017. The Bonds are secured solely from assessment revenues generated within the Hillstone Pointe PID No. 2. The Bonds funded Phase 1 and Phase 1A improvements which included certain roadway, water system, storm drainage, sanitary sewer, screening and landscaping and other soft and miscellaneous improvements. The Town issued the next set of Bonds ($4,688,000 Special Assessment Revenue Bonds, Series 2018) for the Hillstone Pointe PID No. 2 Phases 2 and 3 thru Ordinance No. 1471 in December 2018. The Bonds are secured solely from assessment revenues generated from Phases 2 and 3 of the PID and the proceeds are being used to fund a portion of the actual costs of the Phase 2 and 3 improvements.

The Town's third PID was created by the Town on October 2016 identified as the Rudman Tract Public Improvement District to finance the costs of certain public improvements for the benefit of property in the PID. TIRZ #6 was created in November 2016 to be contiguous with the Rudman Tract to help the area develop. The area encompasses 146.8 acres. The Town approved reimbursement obligations to finance the public improvements provided for the benefit of the property in the PID. Phase #1 Reimbursement Agreement of $7,300,000 and Phase #2 Major Improvements Reimbursement Agreement of $2,075,000 are secured by special assessments. The Town consented to the assignment of the reimbursement amounts between the OPLE Prairie Oaks Development, Inc. and the Public Finance Authority ("PFA") in May 2017. Bonds were issued by the Wisconsin PFA for the development in May 2017.

The Town on December 20, 2016 created the fourth PID for the Town of Little Elm. This PID is located at the Town's northern border next to Highway 380 and will be identified as Lakeside Estates PID No. 2. A TIRZ was not approved to assist with the development of this project. The Town authorized the issuance and sale of special assessment revenue bonds, Series 2017 in December 2017 for $4,700,000. The bonds funded improvements which included certain roadway, water distribution system, storm drainage, sanitary sewer, screening and other PID Bond issuance costs.

The TIRZ and PID's in respect to their duration and the projects to be undertaken and other terms and conditions are set forth in the respective ordinances creating such zones and the public improvement districts. Although current plans provide that project costs for the zones will be paid or reimbursed from tax increments as collected, the Town may determine at a future date to issue bonds or other obligations secured by or payable in whole or in part from Tax Increment Revenues. The owners of the PID Bonds do not have the right to demand payment from any funds of the Town other than the pledged revenues, consisting primarily of assessments levied and collected against the property within the specific PID, and the Town has no obligation to pay the PID Bonds from any other source.

Note 15. Tax Abatements and Economic Incentives

The Town enters into economic development agreements designed to promote development, stimulate commercial activity, enhance the property tax base, and increase the economic vitality. These programs rebate property taxes and sales tax. The Town's economic development agreements are authorized under the Texas Local Government Code Chapter 311 (Tax Increment Financing Act) and Chapter 380 (Economic Development Programs). Recipients may be eligible to receive economic assistance based upon employment impact, economic or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, expanding operations, renewing facility leases or bringing targeted development to the Town. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The Town has two categories of economic development agreements:

A. General Economic Development

The Town enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or a percentage of property taxes or sales tax received by the Town. For fiscal year 2020, the Town rebated $404,999 in sales taxes and $779,675 of property taxes.

B. Tax Increment Financing

Tax Increment Financing (TIF) is a tool to help finance public improvements and development projects within a defined area. A municipality makes an area eligible for TIF by designating it a Tax Increment Reinvestment Zone (TIRZ). Within the designated zone all of the incremental tax revenue growth flows to an established tax increment fund to help pay for public improvements within the zone. The Town has adopted four Tax Increment Reinvestment Zones (TIRZ) in accordance with the provisions of the Tax Increment Financing Act, V.T.C.A., Tax Code, Chapter 311. The four active Tax increment reinvestment zones include TIRZ #3, #4, #5 and #6. The purpose of TIRZ #3 is to help pay for project costs associated with the development of the Town's Lakefront District. The Zone's projected costs are primarily related to park and park improvements, streets, a conference center, utilities, a recreation center, landscaping, trails, a plaza and lighting. TIRZ #4, #5 and #6 were created to facilitate the development of the currently vacant land with retail and single family developments while creating a unique cohesive development that builds on the high development standards already established within the Town. Specific project costs may include but is not limited to roads, water, sewer and storm water management. In fiscal year 2020, the Town made $1,204,204 in payments to the TIRZ funds. Denton County agreed to participate in TIRZ 3 for a period of five years and contributed $61,520 in fiscal year 2020.

Note 16. Coronavirus Pandemic

In March 2020, the World Health Organization declared the novel coronavirus ('COVID-19') a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected public education, workforces, economies, and financial markets globally, potentially leading to economic downturn. It has also disrupted the normal operations of many businesses and organizations. It is not possible for management to predict the duration or magnitude of the adverse results of the outbreak and its disruptive effects on the Town's operations and financial results at this time.

Required Supplementary Information

Town of Little Elm, Texas

Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (GAAP Basis) and Actual – General Fund
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance with Budget
Revenues:				
Taxes:				
Property taxes, penalty, and interest	$ 19,073,302	$ 19,073,302	$ 19,736,243	$ 662,941
General sales and use taxes	3,831,130	3,831,130	4,818,560	987,430
Other taxes and franchise fees	2,265,000	2,265,000	2,221,541	(43,459)
Licenses and permits	3,101,500	3,101,500	3,807,739	706,239
Intergovernmental revenue	2,486,550	4,131,174	5,005,745	874,571
Charges for services	4,135,897	4,247,025	3,619,666	(627,359)
Fines	652,430	652,430	823,427	170,997
Interest	420,500	420,500	425,055	4,555
Miscellaneous	142,700	142,700	160,550	17,850
Total revenues	36,109,009	37,864,761	40,618,526	2,753,765
Expenditures:				
General government:				
Town council	185,698	76,108	65,561	10,547
Town manager	1,734,658	1,700,681	1,519,526	181,155
Town secretary	181,387	181,387	165,818	15,569
Finance	2,127,521	2,127,521	1,501,475	626,046
Information technology	1,432,365	1,432,365	1,083,371	348,994
Town attorney	340,000	340,000	275,068	64,932
Total general government	6,001,629	5,858,062	4,610,819	1,247,243
Community services:				
Inspections	3,400,927	3,348,428	2,772,783	575,645
Total community services	3,400,927	3,348,428	2,772,783	575,645
Public safety:				
Police	10,830,593	11,020,221	10,165,322	854,899
Fire	10,325,512	10,562,527	10,063,186	499,341
Municipal court	580,895	580,895	456,127	124,768
Animal control	319,651	319,651	306,164	13,487
Total public safety	22,056,651	22,483,294	20,990,799	1,492,495
Public works:				
Streets	1,715,018	1,715,018	1,246,125	468,893
Fleet maintenance	497,657	497,657	419,038	78,619
Facility maintenance	910,795	910,795	809,371	101,424
Total public works	3,123,470	3,123,470	2,474,534	648,936

Town of Little Elm, Texas

Schedule of Revenues, Expenditures and Changes (Concluded)
In Fund Balances - Budget (GAAP Basis) and Actual – General Fund
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance with Budget
Culture and recreation:				
Library	$ 595,405	$ 595,405	$ 517,796	$ 77,609
Parks and recreation	4,158,362	4,200,563	3,725,795	474,768
Total culture and recreation	4,753,767	4,795,968	4,243,591	552,377
Capital outlay	692,055	1,481,355	1,050,432	430,923
Total expenditures	40,028,499	41,090,577	36,142,958	4,947,619
Excess (deficiency) of revenues over (under) expenditures	(3,919,490)	(3,225,816)	4,475,568	7,701,384
Other financing sources (uses):				
Transfers in	2,065,000	2,065,000	2,225,794	160,794
Proceeds from sale of assets	12,090	12,090	-	(12,090)
Insurance recovery	-	-	146,328	146,328
Transfers out	(350,000)	(2,735,362)	(2,624,050)	111,312
Total other financing sources (uses)	1,727,090	(658,272)	(251,928)	406,344
Revenues and other financing sources over (under) expenditures and other financing uses	(2,192,400)	(3,884,088)	4,223,640	8,107,728
Fund balance at beginning of year	21,373,848	21,373,848	21,373,848	-
Fund balance, end of year	$ 19,181,448	$ 17,489,760	$ 25,597,488	$ 8,107,728

Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the general fund, debt service fund, and water and sewer fund. All annual appropriations lapse at fiscal year-end.

The Town follows these procedures in establishing the budgetary data reflected in the basic financial statements:

(1) Prior to September 1, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes the proposed expenditures and the means of financing them.

(2) Public hearings are conducted to obtain taxpayer comments.

(3) Prior to October 1, the budget is legally enacted through the passage of an ordinance.

(4) The Town Manager is authorized to transfer budgeted amounts between departments within any fund. Any revisions that alter the total expenditures of any fund must be approved by the Town Council.

Town of Little Elm, Texas

Schedule of Changes in Net Pension Liability and Related Ratios –
Texas Municipal Retirement System
Last Six Measurement Periods

	2014	2015	2016	2017	2018	2019
Total Pension Liability:						
Service cost	$ 1,781,572	$ 2,120,510	$ 2,355,108	$ 2,626,348	$ 3,014,390	$ 3,282,649
Interest	1,306,279	1,544,900	1,739,588	2,023,022	2,313,659	2,691,346
Change in benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	511,427	187,346	298,105	(90,555)	859,152	279,168
Change in assumptions	-	90,206	-	-	-	178,056
Benefit payments	(326,527)	(393,218)	(323,979)	(334,803)	(559,416)	(892,522)
Net change in total pension liability	3,272,751	3,549,744	4,068,822	4,224,012	5,627,785	5,538,697
Total Pension Liability-beginning	17,933,610	21,206,361	24,756,105	28,824,927	28,824,927	38,676,724
Total Pension Liability-ending	$ 21,206,361	$ 24,756,105	$ 28,824,927	$ 33,048,939	$ 34,452,712	$ 44,215,421
Plan Fiduciary Net Position						
Contributions - employer	$ 1,185,583	$ 1,535,872	$ 1,676,473	$ 1,968,224	$ 2,266,748	$ 2,386,394
Contributions - nonemployer	774,891	838,620	908,306	1,021,378	1,197,238	1,267,432
Net investment income	857,339	25,774	1,316,544	3,194,579	(866,209)	4,788,117
Benefit payments	(326,527)	(393,218)	(323,979)	(334,803)	(559,416)	(892,522)
Administrative income	(8,946)	(15,693)	(14,848)	(16,529)	(16,699)	(26,963)
Other	(736)	(776)	(798)	(838)	(871)	(810)
Net change in plan fiduciary net position	2,481,604	1,990,579	3,561,698	5,832,011	2,020,791	7,521,648
Plan fiduciary net position -beginning	14,979,082	17,460,686	19,451,265	23,012,963	28,844,974	30,865,765
Plan fiduciary net position - ending	17,460,686	19,451,265	23,012,963	28,844,974	30,865,765	38,387,413
Town's net pension liability -ending	$ 3,745,675	$ 5,304,840	$ 5,811,964	$ 4,203,965	$ 3,586,947	$ 5,828,008
Plan fiduciary net position as a % of total pension liability	82.34%	78.57%	79.84%	87.28%	89.59%	86.82%
Covered payroll	$ 11,065,942	$ 11,980,280	$ 12,975,800	$ 14,574,627	$ 16,783,907	$ 18,106,173
Town's net pension liability as a % of covered payroll	33.85%	44.28%	44.79%	28.84%	21.37%	32.19%

Note: Only six years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement. Additional years' information will be displayed as it becomes available."

Town of Little Elm, Texas

Schedule of Pension Contributions –
Texas Municipal Retirement System
Last Six Fiscal Years

	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Actuarially determined contribution	$ 1,450,482	$ 1,721,094	$ 1,901,949	$ 2,201,774	$ 2,459,086	$ 2,640,722
Contribution in relation of the actuarially determined contribution	1,450,482	1,721,094	1,901,949	2,201,774	2,459,086	2,640,722
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 12,244,425	$ 13,214,555	$ 14,104,876	$ 16,242,464	$ 18,403,629	$ 19,524,411
Contributions as a percentage of covered payroll	11.85%	13.02%	13.48%	13.56%	13.36%	13.53%

Note: GASB #68, paragraph 81.2.b requires that the data in this schedule be presented as of the Town's fiscal year as opposed to the time period covered by the measurement date.

Note: Only six years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement. Additional years' information will be displayed as it becomes available."

Town of Little Elm, Texas
Schedule of Changes in the Total OPEB Liability and Related Ratios
Texas Municipal Retirement System
Last Three Measurement Periods

	Measurement Year		
	2017	2018	2019
Total OPEB Liability:			
Service cost	$ 24,777	$ 33,568	$ 27,159
Interest	10,108	11,094	12,691
Change in benefit terms	-	-	-
Difference between expected and actual experience	-	(4,395)	(31,013)
Change in assumptions	30,053	(28,403)	81,166
Benefit payments	(1,457)	(1,678)	(1,811)
Net change in total OPEB liability	63,481	10,186	88,192
Total OPEB Liability-beginning	255,737	319,218	329,404
Total OPEB Liability-ending	$ 319,218	$ 329,404	$ 417,596
Covered payroll	$ 14,574,627	$ 16,783,907	$ 18,106,173
Town's total OPEB liability as a % of covered payroll	2.19%	1.96%	2.31%

Only three years of data is presented in accordance with GASB Statement No. #75. Additional years' information will be displayed as it becomes available.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

Town of Little Elm, Texas
Schedule of OPEB Contributions
Texas Municipal Retirement System
Last Three Fiscal years

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Actuarially determined contribution	$ 2,885	$ 2,258	$ 1,952
Contribution in relation of the actuarially determined contribution	2,885	2,258	1,952
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 16,242,464	$ 18,403,629	$ 19,524,411
Contributions as a percentage of covered payroll	0.02%	0.01%	0.01%

Only three years of data is presented in accordance with GASB Statement No. #75. Additional years' information will be displayed as it becomes available.

Note: GASB Statement No. 75 paragraph 57 requires that the data in this schedule be presented as of the Town's fiscal year as opposed to the time period covered by the measurement date.

Combining and Individual Fund Financial Statements and Schedules

Town of Little Elm, Texas
Budgetary Comparison Schedule (GAAP Basis)
General Obligation Debt Service Fund
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual Amount	Variance from Final Budget
Revenues:				
Property taxes	$ 6,269,704	$ 6,269,704	$ 6,370,921	$ 101,217
Intergovernmental	666,611	666,611	677,923	11,312
Interest	50,000	50,000	41,348	(8,652)
Total revenues	6,986,315	6,986,315	7,090,192	103,877
Expenditures:				
Debt service:				
Principal retirement	5,620,396	5,620,395	5,620,395	-
Interest and fiscal charges	2,091,214	2,091,214	2,038,797	52,417
Other debt service costs	-	83,108	83,108	-
Total expenditures	7,711,610	7,794,717	7,742,300	52,417
Excess of revenues over expenditures	(725,295)	(808,402)	(652,108)	51,460
Other financing sources (uses):				
Refunding bonds issued	-	5,560,000	5,560,000	-
Transfers in	508,366	508,366	567,162	58,796
Payment to refunding bond escrow agent	-	(5,476,891)	(5,476,891)	-
Total other financing sources (uses)	508,366	591,475	650,271	58,796
Net change in fund balance	(216,929)	(216,927)	(1,837)	110,256
Fund balances, beginning	1,080,534	1,080,534	1,080,534	-
Fund balances, ending	$ 863,605	$ 863,607	$ 1,078,697	$ 110,256

Nonmajor Governmental Funds

Special Revenue Funds

Dedicated Funds
Accounts for dedicated revenue that is attributed to court operations, motor vehicle and child safety.

Donations Fund
Accounts for donations made by civic organizations, businesses, and citizens for specific uses which include the library, animal control center, police, and fire departments. Donations are generally donated for the purchase of equipment.

Forfeitures Fund
Accounts for fines and forfeiture of property resulting from criminal cases within the boundaries of the Town that have been adjudicated by the State of Texas in District Court.

Street Maintenance Fund
The Special Purpose District provides 1/4 cent sales and use tax for street maintenance. This was originally approved in 2009 by voters and has since been renewed twice by the citizens of Little Elm. This Special Purpose District is up for renewal in 2021.

Red Light Camera Fund
Accounts for proceeds and expenses related to red-light cameras.

Stormwater Drainage Fund
Accounts for fees charged for storm water drainage services.

PEG Fund
Accounts for fees used to defer the cost of streaming Council meeting videos of all meetings to meet the objective of local government transparency.

Grant Fund
Accounts for proceeds and expenditures relating to the Coronavirus Relief Fund grant.

Landscape Fund
The fund was established by resolution from Council whereby all funds from lease/rental payments received from broadband and cellular providers is set aside for Streetscape improvements throughout the Town. In particular to manage the medians and screening walls along all street thoroughfares.

Little Elm Parks Fund
Accounts for fees used to help fund parks and recreational spaces.

TIRZ #3 Fund
Accounts for proceeds and expenditures relating to Little Elm Tax TIRZ # 3.

TIRZ #4 Fund
Accounts for proceeds and expenditures relating to Little Elm Tax TIRZ # 4.

TIRZ #5 Fund
Accounts for proceeds and expenditures relating to Little Elm TIRZ# 5.

TIRZ #6 Fund
Accounts for proceeds and expenditures relating to Little Elm TIRZ# 6.

Highway 380 MMD FUND
Accounts for the Town's contributions to the Highway 380 Municipal Management District (MMD).

Town of Little Elm, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2020

	Dedicated Funds	Donations	Forfeitures	Street Maintenance	Red Light Camera	Stormwater Drainage	PEG Fund
ASSETS							
Cash and cash equivalents	$ -	$ -	$ 256,807	$ 1,110,810	$ -	$ 1,262,660	$ 44,441
Investments	-	-	35,746	154,617	-	175,671	6,185
Restricted cash and cash equivalents	378,970	46,339	-	-	-	-	-
Restricted Investments	-	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles)							
Taxes	-	-	-	229,592	-	-	-
Due from other governments	-	-	-	-	-	-	-
Other	34,668	-	65	-	-	163,673	13,340
Due from other funds	-	-	-	-	-	-	-
Prepaids	743	-	-	-	-	-	-
Total assets	$ 414,381	$ 46,339	$ 292,618	$ 1,495,019	$ -	$ 1,602,004	$ 63,966
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and other current liabilities	$ 6,161	$ -	$ 30	$ 119,907	$ -	$ 330,962	$ 5
Retainage payable	-	-	-	16,071	-	16,527	-
Due to other funds	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-
Total liabilities	6,161	-	30	135,978	-	347,489	5
Deferred inflows of resources:							
Unavailable resources	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-
Fund balances							
Nonspendable	743	-	-	-	-	-	-
Restricted	407,477	46,339	292,588	1,359,041	-	1,254,515	63,961
Total fund balances	408,220	46,339	292,588	1,359,041	-	1,254,515	63,961
Total liabilities, deferred inflows of resources and fund balances	$ 414,381	$ 46,339	$ 292,618	$ 1,495,019	$ -	$ 1,602,004	$ 63,966

Grant Fund	Landscape Fund	Little Elm Parks	Little Elm TIRZ#3	Little Elm TIRZ#4	Little Elm TIRZ#5	Little Elm TIRZ#6	HWY 380 MMD	Total Nonmajor Governmental Funds
$ -	$ 976,827	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,651,545
-	135,968	-	-	-	-	-	-	508,187
818,829	-	100,816	853,903	370,245	707,151	21,913	30,588	3,328,754
-	-	14,032	118,858	51,536	98,325	3,049	4,256	290,056
-	-	-	33,993	-	2,750	-	-	266,335
-	70,488	-	-	-	-	-	-	70,488
-	247	26	-	93	-	5	5	212,122
-	-	-	-	-	1,499	-	-	1,499
-	-	-	-	-	-	-	-	743
$ 818,829	$ 1,183,530	$ 114,874	$ 1,006,754	$ 421,874	$ 809,725	$ 24,967	$ 34,849	$ 8,329,729
$ -	$ 13,033	$ 12	$ 3,313	$ 411,278	4,187	$ 24,309	$ 3	$ 913,200
-	-	-	-	-	-	-	-	32,598
42,257	-	-	508,366	143	-	512	-	551,278
773,573	-	-	-	-	-	-	-	773,573
815,830	13,033	12	511,679	411,421	4,187	24,821	3	2,270,649
-	70,488	-	-	-	-	-	-	70,488
-	70,488	-	-	-	-	-	-	70,488
-	-	-	-	-	-	-	-	743
2,999	1,100,009	114,862	495,075	10,453	805,538	146	34,846	5,987,849
2,999	1,100,009	114,862	495,075	10,453	805,538	146	34,846	5,988,592
$ 818,829	$ 1,183,530	$ 114,874	$ 1,006,754	$ 421,874	$ 809,725	$ 24,967	$ 34,849	$ 8,329,729

Town of Little Elm, Texas
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance- Nonmajor Governmental Funds
For the Year Ended September 30, 2020

	Dedicated Funds	Donations	Forfeitures	Street Maintenance	Red Light Camera	Stormwater Drainage	PEG Fund
Revenues:							
Taxes							
Property taxes, penalty, and interest	$ -	$ -	$ -	$ -	$ -	$ -	$ -
General sales and use taxes	-	-	-	1,263,168	-	-	-
Franchise taxes and other	-	-	-	-	-	-	44,206
Charges for service	-	-	-	-	-	642,675	-
Intergovernmental	4,871	-	-	-	-	59,484	-
Fines and forfeitures	83,698	-	-	-	-	-	-
Contributions	-	26,440	-	-	-	-	-
Interest	5,158	1,782	2,111	16,960	1,302	42,878	1,539
Other revenues	-	-	236,202	-	-	-	-
Total revenues	93,727	28,222	238,313	1,280,128	1,302	745,037	45,745
Expenditures:							
Current:							
General government	-	-	40,053	-	-	-	-
Community service	-	-	-	-	-	-	-
Public safety	68,047	686	-	-	41,079	-	-
Public works	-	-	-	916,868	-	603,440	-
Culture and recreation	-	16,197	-	-	-	-	-
Capital outlay	-	-	-	-	49,916	-	12,965
Total expenditures	68,047	16,883	40,053	916,868	90,995	603,440	12,965
Excess (deficiency) of revenues over (under) expenditures	25,680	11,339	198,260	363,260	(89,693)	141,597	32,780
Other financing sources (uses):							
Transfers in	245,262	-	-	-	-	-	-
Transfers out	-	(235,064)	-	-	(6,152)	-	(90,000)
Total other financing sources (uses)	245,262	(235,064)	-	-	(6,152)	-	(90,000)
Net changes in fund balance	270,942	(223,725)	198,260	363,260	(95,845)	141,597	(57,220)
Fund balance at beginning of year	137,278	270,064	94,328	995,781	95,845	1,112,918	121,181
Fund balance, end of year	$ 408,220	$ 46,339	$ 292,588	$ 1,359,041	$ -	$ 1,254,515	$ 63,961

Grant Fund	Landscape Fund	Little Elm Parks	Little Elm TIRZ#3	Little Elm TIRZ#4	Little Elm TIRZ#5	Little Elm TIRZ#6	HWY 380 MMD	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ 416,475	$ 416,412	$ 392,618	$ 24,306	$ -	$ 1,249,811
-	-	-	111,185	-	8,334	-	-	1,382,687
-	-	-	-	-	-	-	-	44,206
-	-	67,500	-	-	-	-	-	710,175
142,299	92,887	-	-	-	-	-	-	299,541
-	-	-	-	-	-	-	-	83,698
-	-	-	-	-	-	-	-	26,440
2,999	15,652	1,262	11,208	4,587	7,064	147	16,288	130,937
-	180,396	-	-	-	-	-	-	416,598
145,298	288,935	68,762	538,868	420,999	408,016	24,453	16,288	4,344,093
-	-	-	56,008	-	12,941	-	-	109,002
-	334,233	-	-	-	-	-	-	334,233
-	-	-	-	-	-	-	-	109,812
-	-	-	-	-	-	-	-	1,520,308
100,042	-	-	-	-	-	-	-	116,239
42,257	79,774	-	-	411,234	-	24,307	-	620,453
142,299	414,007	-	56,008	411,234	12,941	24,307	-	2,810,047
2,999	(125,072)	68,762	482,860	9,765	395,075	146	16,288	1,534,046
-	1,225,081	-	-	-	-	-	-	1,470,343
-	-	(5,157)	(588,366)	(224,159)	-	-	-	(1,148,898)
-	1,225,081	(5,157)	(588,366)	(224,159)	-	-	-	321,445
2,999	1,100,009	63,605	(105,506)	(214,394)	395,075	146	16,288	1,855,491
-	-	51,257	600,581	224,847	410,463	-	18,558	4,133,101
$ 2,999	$ 1,100,009	$ 114,862	$ 495,075	$ 10,453	$ 805,538	$ 146	$ 34,846	$ 5,988,592

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Agency Funds

PID AGENCY FUND – purpose is to account for bond proceeds, assessments, and related debt associated with the issuance of bonds issued by the Town as an agent for the Valencia, Lakeside and Hillstone Public Improvement Districts.

Town of Little Elm, Texas
Statement of Changes in Assets and Liabilities
For The Year Ended September 30, 2020

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
ASSETS				
Cash and cash equivalents	$ 95,122	$ 16,614	$ -	$ 111,736
Restricted investments	4,432,754	444,980		4,877,734
Accounts receivable	-	28	-	28
Total assets	$ 4,527,876	$ 461,622	$ -	$ 4,989,498
LIABILITIES				
Liability to bond holders	$ 4,527,876	$ 457,122	$ -	$ 4,984,998
Total liabilities	$ 4,527,876	$ 457,122	$ -	$ 4,984,998

Discretely Presented Component Units

ECONOMIC DEVELOPMENT CORPORATION – purpose is to promote and develop new and expanded business enterprises to promote and encourage employment in the furtherance of public welfare within the Town.

COMMUNITY DEVELOPMENT CORPORATION – purpose is to improve and expand park and recreational facilities from revenue generated through the Type 4B sales tax.

Town of Little Elm, Texas
Balance Sheet
Economic Development Corporation
September 30, 2020

ASSETS		
Cash and cash equivalents	$	2,445,598
Receivables:		
Sales taxes		547,146
Leases		2,885,589
Note receivable from primary government		500,000
Prepaid		490
Total assets	$	6,378,823
LIABILITIES		
Accounts payable and other current liabilities	$	139,557
Due to primary government		94,312
Total liabilities		233,869
DEFERRED INFLOWS OF RESOURCES		
Unavailable resources - note receivable		500,000
Unavailable resources - lease receivable - principal		2,885,589
Total deferred inflows of resources		3,385,589
FUND BALANCES		
Nonspendable		490
Restricted		2,758,875
Total fund balances		2,759,365
Total liabilities, deferred inflows of resources and fund balances	$	6,378,823

Town of Little Elm, Texas
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Position
Economic Development Corporation
September 30, 2020

Total fund balance - governmental funds	$ 2,759,365
Amounts reported in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds financial statements.	10,309,703
Long-term receivables from the primary government are not considered current financial resources and, therefore, the recognition of revenue on such receivables is deferred in the governmental funds financial statements.	500,000
Long-term leases receivables are not considered current financial resources and, therefore, the recognition of revenue on such receivables is deferred in the governmental funds financial statements.	2,885,589
Notes payable are not due and payable in the current period and therefore are not reported in the governmental funds financial statements.	(11,268,329)
Accrued interest on governmental activities debt is not reported in the governmental funds financial statements until paid.	(30,668)
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds financial statements.	(9,659)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 5,146,001

Town of Little Elm, Texas
Statement of Revenues, Expenditures and Changes
In Fund Balance
Economic Development Corporation
For the Year Ended September 30, 2020

Revenues:		
Taxes		
General sales and use taxes	$	2,430,202
Intergovernmental		344,735
Interest		28,902
Other revenues		192,112
Total revenues		2,995,951
Expenditures:		
Current:		
General government		124,312
Economic and physical development		788,199
Principal		696,814
Interest and other fiscal charges		519,729
Total expenditures		2,129,054
Excess of revenues over expenditures		866,897
Other financing sources (uses):		
Refunding note issued		6,659,559
Payment to refunding note agent		(6,514,114)
Lease principal payment		74,196
Total other financing sources (uses)		219,641
Revenues and other financing sources over expenditures and other financing uses		1,086,538
Fund balance, beginning of year		1,672,827
Fund balance, end of year	$	2,759,365

Town of Little Elm, Texas

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
Economic Development Corporation
For the Year Ended September 30, 2020

Net change in fund balances - governmental funds	$ 1,086,538
Amounts reported for component unit funds in the statement of activities are different because:	
Current year changes in accrued interest payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	7,288
Repayment of note principal of $696,814 is an expenditure in the governmental funds and the refinancing of $6,514,114 of note principal outstanding with the issuance of a $6,659,559 note payable is reported as other financing uses and sources, respectively, in the governmental funds. The net of the repayment and refinancing of note payables with a new note payable issuance reduces long-term liabilities in the statement of net position.	551,369
Long-term receivables ($100,000) and lease principal payments ($74,196) from the primary government are not considered current financial resources. The recognition of revenue on such receivables is deferred in the governmental funds financial statements, while the principal payment received reduces the lease receivable balance in the government-wide statement of net position. The long-term receivable amount represents the change in deferred inflows related to the receivable.	(174,196)
Some expenses reported in the statement of activities such as compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	62,751
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 1,533,750

Town of Little Elm, Texas
Balance Sheet
Community Development Corporation
September 30, 2020

	Community Development Corporation
ASSETS	
Cash and cash equivalents	$ 753,635
Investments	104,902
Receivables	229,502
Total assets	$ 1,088,039
LIABILITIES	
Accounts payable and other current liabilities	$ 34,239
Total liabilities	34,239
FUND BALANCE	
Unrestricted	1,053,800
Total fund balance	1,053,800
Total liabilities and fund balance	$ 1,088,039

Town of Little Elm, Texas
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Position
Community Development Corporation
September 30, 2020

Total fund balance - governmental funds	$	1,053,800
No differences between balance sheet and statement of net position.		-
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	1,053,800

Town of Little Elm, Texas
Statement of Revenues, Expenditures and Changes
In Fund Balance
Community Development Corporation
For the Year Ended September 30, 2020

Revenues:		
Taxes		
General sales and use taxes	$	1,231,399
Interest		10,043
Total revenues		1,241,442
Expenditures:		
Current:		
General government		22,000
Economic and physical development		163,249
Debt service		583,611
Total expenditures		768,860
Net change in fund balance		472,582
Fund balance, beginning of year		581,218
Fund balance, end of year	$	1,053,800

Town of Little Elm, Texas
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
Community Development Corporation
For the Year Ended September 30, 2020

Net change in fund balances - governmental funds	$	472,582
Amounts reported for component unit funds in the statement of activities are different because:		
No differences between change in fund balance and change in net position		-
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	472,582

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Statistical Section

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STATISTICAL SECTION

This part of the Town of Little Elm's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the Town's overall financial health. This information has not been audited by the independent auditor.

Contents	Table #s
Financial Trends These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	**A-1 to A-4**
Revenue Capacity These tables contain information to help the reader assess the Town's two most significant local revenue sources, the property and sales taxes.	**B-1 to B-5**
Debt Capacity These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	**C-1 to C-5**
Economic and Demographic Information These tables offer economic and demographic indicators to help the reader understand the environment within which the Town's financial activities take place.	**D-1 to D-2**
Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides.	**E-1 to E-3**

Source: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The Town implemented GASB Statement 34 in fiscal year 2004: tables presenting government-wide information include information beginning in that year.

Town of Little Elm, Texas
Net Position by Component
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	$ 50,204,248	$ 52,815,876	$ 63,117,552	$ 69,289,961
Restricted	2,752,458	4,171,809	1,456,437	11,901,273
Unrestricted	5,760,237	8,639,473	13,561,477	13,397,901
Total governmental activities net position	$ 58,716,943	$ 65,627,158	$ 78,135,466	$ 94,589,135
Business-type activities				
Net investment in capital assets	$ 18,965,595	$ 23,568,624	$ 27,797,915	$ 33,308,054
Restricted	3,420,742	2,678,605	1,545,571	1,286,723
Unrestricted	4,738,358	3,395,564	2,792,130	1,253,792
Total business-type activities net position	$ 27,124,695	$ 29,642,793	$ 32,135,616	$ 35,848,569
Primary government				
Net investment in capital assets	$ 69,169,843	$ 76,384,500	$ 90,915,467	$ 102,598,015
Restricted	6,173,200	6,850,414	3,002,008	13,187,996
Unrestricted	10,498,595	12,035,037	16,353,607	14,651,693
Total primary governmental net position	$ 85,841,638	$ 95,269,951	$ 110,271,082	$ 130,437,704

Source: Comprehensive Annual Financial Report

Table A-1

	Fiscal Year					
	2015	2016	2017	2018	2019	2020
	$ 77,934,036	89,811,757	123,244,861	$ 123,244,861	$ 145,345,688	$ 157,699,639
	13,440,890	8,767,764	7,397,801	12,374,755	13,172,118	15,434,016
	5,819,571	9,215,510	25,329,679	20,210,367	19,947,537	23,395,692
	$ 97,194,497	$ 107,795,031	$ 155,972,341	$ 155,829,983	$ 178,465,343	$ 196,529,347
	$ 38,387,629	$ 37,228,657	$ 38,221,407	$ 40,669,826	$ 41,141,551	$ 44,190,975
	150,598	1,104,061	2,014,670	2,766,515	3,895,353	4,376,151
	4,209,613	6,738,911	6,966,515	11,378,914	14,453,500	19,105,126
	$ 42,747,840	$ 45,071,629	$ 47,202,592	$ 54,815,255	$ 59,490,404	$ 67,672,252
	$ 116,321,665	$ 127,040,414	$ 161,466,268	$ 163,914,687	$ 186,487,239	$ 201,890,614
	13,591,488	9,871,825	9,412,471	15,141,270	17,067,471	19,810,167
	10,029,184	15,954,421	32,296,194	31,589,281	34,401,037	42,500,818
	$ 139,942,337	$ 152,866,660	$ 203,174,933	$ 210,645,238	$ 237,955,747	$ 264,201,599

Town of Little Elm, Texas
Changes in Net Position
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental activities:				
General government	$ 2,464,445	$ 2,576,483	$ 5,867,144	$ 5,289,827
Public safety	7,190,910	8,002,813	9,335,742	10,433,709
Public works	4,435,870	5,344,115	6,021,562	6,499,936
Culture and recreation	1,483,761	1,674,950	2,667,072	3,104,651
Community services	1,364,740	1,238,188	1,638,809	1,918,695
Interest on long-term debt	1,715,179	1,655,901	1,473,694	3,388,234
Total governmental activities expenses	$ 18,654,905	$ 20,492,450	$ 27,004,023	$ 30,635,052
Business-type activities:				
Water and sewer	$ 6,950,429	$ 8,576,299	$ 8,938,110	$ 9,018,321
Solid waste	1,465,030	1,542,812	1,828,285	1,983,776
Total business-type activities expenses	8,415,459	10,119,111	10,766,395	11,002,097
Total primary government expenses	$ 27,070,364	$ 30,611,561	$ 37,770,418	$ 41,637,149
Program Revenues				
Governmental activities:				
Charges for Services:				
General government	$ 168,475	$ 203,194	$ 225,645	$ 142,850
Public safety	1,049,754	1,316,490	1,421,556	1,408,432
Public works	37,297	36,968	18,219	52,660
Culture and recreation	115,981	229,245	367,880	548,339
Community services	1,620,331	3,067,120	3,219,516	4,826,558
Operating grants and contributions	220,617	296,234	8,481,366	877,283
Capital grants and contributions	4,767,318	5,072,076	8,196,369	20,153,631
Total governmental activities program revenues	$ 7,979,773	$ 10,221,327	$ 21,930,551	$ 28,009,753
Business-type activities:				
Charges for services:				
Water and sewer	$ 9,743,392	$ 10,088,464	$ 10,843,125	$ 11,206,850
Solid waste	1,645,533	1,758,790	1,919,103	2,038,990
Operating grants and contributions	-	-	22,395	-
Capital grants and contributions	473,422	2,382,570	1,828,359	3,595,837
Total business-type activities program revenues	$ 11,862,347	$ 14,229,824	$ 14,612,982	$ 16,841,677
Total primary government program revenues	$ 19,842,120	$ 24,451,151	$ 36,543,533	$ 44,851,430

Source: Comprehensive Annual Financial Report

Notes: [b] General Revenue classifications modified.

Fiscal Year					
2015	2016	2017	2018	2019	2020
$ 6,085,289	$ 12,682,196	$ 7,030,639	$ 9,915,012	$ 8,443,749	$ 6,028,316
12,583,312	16,154,573	14,962,540	2,794,957	18,514,472	21,585,797
6,956,858	4,894,523	4,620,071	17,210,038	8,392,911	7,500,282
2,424,055	3,850,034	3,813,775	6,007,369	5,884,721	6,223,043
2,408,167	2,412,674	2,562,510	5,470,064	2,948,714	3,072,109
1,707,491	1,552,317	1,705,104	4,970,121	3,244,002	1,961,911
$ 32,165,172	$ 41,546,317	$ 34,694,639	$ 46,367,561	$ 47,428,569	$ 46,371,458
$ 9,597,743	$ 12,813,910	$ 13,091,003	$ 13,442,962	$ 13,401,840	13,570,792
1,732,336	1,797,240	1,885,091	1,937,883	2,061,254	2,345,983
11,330,079	14,611,150	14,976,094	15,380,845	15,463,094	15,916,775
$ 43,495,251	$ 56,157,467	$ 49,670,733	$ 61,748,406	$ 62,891,663	$ 62,288,233
$ 191,432	$ 239,193	$ 480,986	$ 1,326,909	$ 81,933	$ 146,117
1,682,570	2,096,745	2,598,197	2,830,765	3,702,971	3,663,496
163,616	999,412	820,186	1,480,153	1,775,903	1,785,248
799,635	845,848	1,312,017	1,615,206	1,663,191	1,150,886
5,265,753	5,448,892	5,284,136	4,720,087	4,045,264	4,352,645
2,330,627	1,888,507	2,486,348	662,533	741,359	4,403,463
4,480,887	15,400,107	8,269,408	34,764,994	20,308,931	8,561,351
$ 14,914,520	$ 26,918,704	$ 21,251,278	$ 47,400,647	$ 32,319,552	$ 24,063,206
$ 13,023,491	$ 14,156,856	$ 15,381,528	$ 17,754,577	$ 18,144,028	19,036,780
2,157,342	2,247,375	2,329,542	2,394,909	2,524,859	2,834,435
23,964	-	50	194,520	3,750	288,654
3,593,256	2,387,592	1,363,346	2,224,101	1,128,838	3,695,752
$ 18,798,053	$ 18,791,823	$ 19,074,466	$ 22,568,107	$ 21,801,475	$ 25,855,621
$ 33,712,573	$ 45,710,527	$ 40,325,744	$ 69,968,754	$ 54,121,027	$ 49,918,827

Town of Little Elm, Texas

Changes in Net Position – Continued
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	Fiscal Year			
	2011	2012	2013	2014
Net (Expenses) Revenue				
Governmental activities	$ (11,017,252)	$ (10,675,132)	$ (10,271,123)	$ (5,073,472)
Business-type activities	2,317,110	3,446,888	4,110,713	3,846,587
Total primary government net expenses	$ (8,700,142)	$ (7,228,244)	$ (6,160,410)	$ (1,226,885)
General Revenues and other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	$ 9,668,429	$ 10,195,279	$ 10,662,787	$ 10,864,585
Sales & Other taxes	3,221,191	3,438,665	4,039,591	4,506,310
Unrestricted investment earnings	388,935	271,988	199,751	136,752
Gains on sale of assets	31,158	-	-	9,330
Miscellaneous	561,919	1,329,395	464,013	513,343
Transfers	1,329,648	1,238,953	1,815,196	1,551,460
Total governmental activities	$ 15,201,280	$ 16,474,280	$ 17,181,338	$ 17,581,780
Business-type activities:				
Taxes	$ -	$ 56,342	$ 82,977	$ 92,009
Unrestricted investment earnings	333,428	150,655	139,604	96,344
Gains on sale of assets	-	-	-	9,343
Miscellaneous	566,639	758,399	-	-
Transfers	(1,070,443)	(1,238,953)	(1,815,196)	(1,551,460)
Total business-type activities	$ (170,376)	$ (273,557)	$ (1,592,615)	$ (1,353,764)
Total primary government	$ 15,030,904	$ 16,200,723	$ 15,588,723	$ 16,228,016
Change in Net Position				
Governmental activities	$ 4,184,028	$ 5,799,148	$ 6,910,215	$ 12,508,308
Business-type activities	2,146,734	3,173,331	2,518,098	2,492,823
Total primary government	$ 6,330,762	$ 8,972,479	$ 9,428,313	$ 15,001,131

Source: Comprehensive Annual Financial Report

Notes: [a] General Revenue classifications modified.

Fiscal Year						
2015	2016	2017	2018	2019	2020	
$ (2,625,299)	$ (17,250,652)	$ (13,443,361)	$ 1,033,086	$ (15,109,017)	$ (22,308,252)	
5,839,580	7,467,974	4,098,372	7,187,262	6,338,381	9,938,846	
$ 3,214,281	$ (9,782,678)	$ (9,344,989)	$ 8,220,348	$ (8,770,636)	$ (12,369,406)	
$ 11,851,416	$ 14,089,672	$ 16,052,346	$ 21,827,298	$ 24,654,126	$ 27,474,111	
4,843,855	5,641,075	6,136,073	7,220,842	7,549,289	8,466,994	
156,577	155,456	222,445	628,922	1,456,551	999,944	
18,171	23,500	252,717	-	108,592	12,422	
1,158,653	1,322,492	629,343	751,830	1,648,669	1,052,785	
1,697,504	474,640	2,042,935	57,640	2,327,150	2,366,000	
$ 19,726,176	$ 21,706,835	$ 25,335,859	$ 30,486,532	$ 37,744,377	$ 40,372,256	
$ 106,872	$ 119,560	$ 110,588	$ 123,504	$ 150,895	$ 173,375	
44,010	29,969	75,463	307,881	472,431	426,620	
7,214	-	-	15,864	15,456	-	
-	-	-	59,830	25,136	9,007	
(1,697,504)	(474,640)	(2,042,935)	(57,640)	(2,327,150)	(2,366,000)	
$ (1,539,408)	$ (325,111)	$ (1,856,884)	$ 449,439	$ (1,663,232)	$ (1,756,998)	
$ 18,186,768	$ 21,381,724	$ 23,478,975	$ 30,935,971	$ 36,081,145	$ 38,615,258	
$ 17,100,877	$ 4,456,183	$ 11,892,498	$ 31,519,618	$ 22,635,360	$ 18,064,004	
4,300,172	7,142,863	2,241,488	7,636,701	4,675,149	8,181,848	
$ 21,401,049	$ 11,599,046	$ 14,133,986	$ 39,156,319	$ 27,310,509	$ 26,245,852	

Town of Little Elm, Texas
Fund Balances, Governmental Funds
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	Fiscal Year			
	2011 [b]	2012	2013	2014
General Fund				
Reserved [a]	$ -	$ -	$ -	$ -
Nonspendable [a]	48,944	56,704	274,054	200,487
Restricted	-	221,155	-	-
Committed	3,326,289	-	-	-
Assigned	1,519,500	693,600	925,000	4,938,437
Unassigned	943,210	6,130,718	5,751,731	3,312,912
Unreserved, designated for	-	-	-	-
Unbudgeted expenditures	-	-	-	-
Unreserved, undesignated	-	-	-	-
Total general fund	$ 5,837,943	$ 7,102,177	$ 6,950,785	$ 8,451,836
All Other Governmental Funds				
Reserved for:				
Debt service	$ -	$ -	$ -	$ -
Nonspendable [a]		150	150	6,302
Restricted	14,255,397	4,346,848	8,113,910	17,979,664
Committed	702,364	1,273,852	620,602	241,487
Assigned	-	-	-	-
Unassigned	(42,361)	-	-	-
Unreserved, reported in:	-	-	-	-
Special revenue funds	-	-	-	-
Debt service	-	-	-	-
Capital projects funds	-	-	-	-
Total all other governmental funds	$ 14,915,400	$ 5,620,850	$ 8,734,662	$ 18,227,453

Source: Comprehensive Annual Financial Report

Notes: [a] Includes inventory and prepaid

[b] The Town implemented GASB No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" which impacted both the classifications of funds and classifications of and balances within funds.

	Fiscal Year					
	2015	2016	2017	2018	2019	2020
	$ -	$ -	$ -	$ -	$ -	$ -
	265,038	299,425	313,699	64,554	60,914	81,691
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	6,700,923	11,028,718	15,660,796	21,148,258	21,312,934	25,515,797
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	$ 6,965,961	$ 11,328,143	$ 15,974,495	$ 21,212,812	$ 21,373,848	$ 25,597,488
	$ -	$ -	$ -	$ -	$ -	$ -
	-	123,522	-	-	-	743
	10,883,984	17,206,729	11,292,937	28,677,341	32,482,359	22,668,693
	1,644,874	1,153,748	409,582	751,574	1,674,909	1,271,178
	-	-	-	-	-	-
	-	-	(6,306)	(142,458)	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	$ 12,528,858	$ 18,483,999	$ 11,696,213	$ 29,286,457	$ 34,157,268	$ 23,940,614

Town of Little Elm, Texas

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years (Unaudited)
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2011	2012	2013	2014
REVENUES				
Property taxes, penalties and interest	$ 10,246,572	$ 10,459,636	$ 10,968,977	$ 11,819,118
Sales tax	2,125,984	2,369,358	2,775,736	2,987,162
Franchise and other taxes	1,312,681	1,670,233	1,730,574	1,856,693
Licenses and permits	1,629,588	2,386,244	2,280,136	3,814,451
Charges for services	662,181	1,227,622	1,521,394	1,884,181
Impact fees	-	1,555,857	1,274,372	514,220
Fines and forfeitures	698,289	628,399	667,479	589,772
Intergovernmental revenue and grants	4,219,559	2,996,983	2,055,690	1,365,490
Contributions	-	5,500	-	18,756,088
Interest earnings	271,988	199,751	136,281	154,060
Other revenue	1,153,103	1,312,349	1,134,249	1,310,971
Total revenues	22,319,945	24,811,932	24,544,888	45,052,206
EXPENDITURES				
General government	2,317,911	2,501,809	5,662,076	3,459,553
Public safety	6,865,071	7,577,815	8,185,886	9,454,244
Public works	2,658,522	1,766,131	2,417,222	2,794,991
Culture and recreation	1,307,687	1,533,497	2,211,489	2,639,344
Community services	1,364,740	1,261,237	1,604,716	1,910,740
Capital outlay	16,817,298	17,189,209	8,758,950	12,815,066
Debt service				
Principal retirement	1,537,070	1,671,146	1,837,728	2,097,789
Interest and fiscal charges	1,770,846	1,609,606	1,649,588	3,579,358
Other debt service costs	-	-	-	-
Total expenditures	34,639,145	35,110,450	32,327,655	38,751,085
Excess (deficiency) of revenues over (under) expenditures	(12,319,200)	(10,298,518)	(7,782,767)	6,301,121
OTHER FINANCING SOURCES (USES)				
Bonds/notes issued	-	3,885,000	8,735,000	5,020,000
Proceeds from sale of capital assets	-	-	509,233	18,171
Proceeds from capital lease obligations	-	386,487	-	144,913
Insurance proceeds	-	-	-	-
Premium on bonds issued	-	180,716	143,094	235,610
Payment to refunded bond escrow agent	-	(3,999,197)	-	(2,190,000)
Transfer from other funds	4,160,575	3,523,887	3,035,883	2,556,084
Transfer to other funds	(2,921,622)	(1,708,691)	(1,678,023)	(1,092,057)
Total other financing sources (uses)	1,238,953	2,268,202	10,745,187	4,692,721
NET CHANGE IN FUND BALANCES	$ (11,080,247)	$ (8,030,316)	$ 2,962,420	$ 10,993,842
Debt service as a percentage of noncapital expenditures	18.6%	18.2%	14.8%	20.7%

Source: Comprehensive Annual Financial Report

Fiscal Year					
2015	2016	2017	2018	2019	2020
$ 13,912,222	$ 16,210,647	$ 18,796,064	$ 21,863,934	$ 24,655,979	$ 27,356,975
3,540,489	4,010,218	4,303,543	4,881,118	5,278,231	6,201,247
2,100,586	2,065,392	2,133,889	2,339,724	2,271,058	2,265,747
4,009,517	5,161,638	4,743,132	4,627,259	4,325,422	4,783,505
2,765,194	3,098,936	3,982,077	4,562,866	5,020,158	4,329,841
1,722,581	499,168	754,659	592,384	738,079	620,170
886,617	856,897	1,055,079	1,188,762	1,180,796	907,125
2,630,400	2,252,406	4,365,912	1,638,166	3,195,962	6,168,970
1,254,495	3,900,214	3,408,072	24,160,636	5,596,739	2,369,847
131,666	209,291	272,668	591,988	1,389,624	941,866
764,579	726,869	813,755	662,659	572,364	577,148
33,718,346	38,991,676	44,628,850	67,109,496	54,224,412	56,522,441
5,795,226	4,009,920	4,273,199	10,268,332	6,607,780	5,140,370
10,668,379	11,425,793	13,861,595	16,770,953	18,646,409	21,100,611
3,225,270	4,141,315	3,179,415	3,727,511	5,278,146	3,994,842
2,947,604	3,177,221	3,574,826	3,975,192	4,330,942	4,359,830
2,408,167	2,917,957	2,563,865	2,837,652	3,004,065	3,107,016
14,197,333	10,029,564	17,686,821	16,876,441	12,981,218	23,944,854
2,499,432	2,825,254	3,291,897	3,593,540	5,001,002	5,620,395
1,654,972	1,865,298	1,784,447	1,742,079	2,011,943	2,038,797
-	597,105	-	3,240,426	1,370,615	193,021
43,396,383	40,989,427	50,216,065	63,032,126	59,232,120	69,499,736
(9,678,037)	(1,997,751)	(5,587,215)	4,077,370	(5,007,708)	(12,977,295)
1,990,000	16,380,000	-	15,460,000	13,960,000	9,645,000
23,500	252,717	31,663	103,668	142,943	-
104,957	-	-	-	-	-
-	-	1,016,343	321,485	426,578	146,328
-	787,923	-	766,813	1,061,382	303,844
-	(7,148,501)	-	-	(7,878,498)	(5,476,891)
4,209,821	2,743,996	4,421,619	4,640,598	5,520,135	6,973,851
(3,834,711)	(701,061)	(2,124,469)	(2,541,373)	(3,192,985)	(4,607,851)
2,493,567	12,315,074	3,345,156	18,751,191	10,039,555	6,984,281
$ (7,184,470)	$ 10,317,323	$ (2,242,059)	$ 22,828,561	$ 5,031,847	$ (5,993,014)
13.6%	14.1%	15.7%	11.9%	15.1%	16.6%

Town of Little Elm, Texas **Table B-1**

Appraised Value of Property
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Market Valuation		Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2011	1,618,970,465	55,366,141	169,498,939	1,504,837,667	0.66523
2012	1,691,659,713	55,542,364	175,488,594	1,571,713,483	0.66497
2013	1,661,535,865	64,223,721	181,089,163	1,544,670,423	0.66497
2014	1,811,983,598	70,371,887	199,149,794	1,683,205,691	0.66497
2015	2,107,295,778	71,348,481	226,256,365	1,952,387,894	0.66497
2016	2,653,573,290	82,618,591	312,314,526	2,423,877,355	0.66169
2017	3,124,111,734	81,122,761	339,178,385	2,866,056,110	0.66169
2018	3,633,597,800	99,219,245	363,504,268	3,369,312,777	0.65767
2019	4,165,315,692	100,211,706	361,702,600	3,903,824,798	0.64990
2020	4,646,921,748	109,987,311	368,020,704	4,388,888,355	0.64990

Source: Denton County Appraisal District

Town of Little Elm, Texas **Table B-2**

Direct and Overlapping Property Tax Rates (Per $100 of Assessed Value)
Last Ten Fiscal Years (Unaudited)

	Town Direct Rates			Overlapping Rates [a]						
Fiscal Year	Operating Rate	Debt Service Rate	Total Town Rate	Little Elm Independent School District - LEISD	Frisco Independent School District - FISD	Denton Independent School District - DISD	Denton County	Total Direct and Overlapping Rates - LEISD	Total Direct and Overlapping Rates - FISD	Total Direct and Overlapping Rates - DISD
2011	0.45279	0.21244	0.66523	1.54000	1.39000	1.53000	0.27390	2.47913	2.32913	2.46913
2012	0.46691	0.19807	0.66497	1.54000	1.42000	1.53000	0.27736	2.48233	2.36233	2.47233
2013	0.48129	0.18369	0.66497	1.54000	1.46000	1.53000	0.28287	2.48784	2.40784	2.47784
2014	0.49665	0.16833	0.66497	1.54000	1.46000	1.53000	0.28491	2.48989	2.40989	2.47989
2015	0.47715	0.18782	0.66497	1.54000	1.46000	1.54000	0.27220	2.47717	2.39717	2.47717
2016	0.47760	0.18409	0.66169	1.54000	1.46000	1.54000	0.26200	2.46369	2.38369	2.46369
2017	0.49573	0.16596	0.66169	1.54000	1.46000	1.54000	0.26200	2.46369	2.38369	2.46369
2018	0.48519	0.17248	0.65767	1.54000	1.46000	1.54000	0.23781	2.43548	2.35548	2.43548
2019	0.47943	0.17047	0.64990	1.64000	1.44000	1.54000	0.22557	2.51547	2.31547	2.41547
2020	0.49587	0.15403	0.64990	1.53830	1.33830	1.47000	0.22528	2.41348	2.21348	2.34518

[a] Overlapping rates are those of local and county governments that apply to property owners within the Town of Little Elm. A typical property tax bill would consist of the Town, School District, and County taxes.

Source: Town of Little Elm, Denton County, Little Elm ISD, Frisco ISD, and Denton ISD

Note: Tax rates are applied on each $100 of assessed value and are levied on 100% of assessed value.

Town of Little Elm, Texas **Table B-3**

Principal Property Tax Payers
Current Year and Nine Years Ago (Unaudited)

FY 2019-2020
(2019 Certified Tax Roll)

Taxpayer	Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value
Western Rim Investors 2014-5 LP	$ 133,235,378	3.04%
Orion Lakeside LLC	66,290,019	1.51%
Bell Fund VI Frisco LLC	54,840,126	1.25%
G &L Parkview, LLC	53,818,742	1.23%
Centennial Lux LP	53,618,000	1.22%
Texas Property Borrower LLC	45,334,305	1.03%
The Landing at Little Elm LLC	40,908,203	0.93%
PALLADIUM USA	28,997,443	0.66%
Retractable Technologies INC	18,861,650	0.43%
CoServ Electric CO-OP	18,154,860	0.41%
Total	$ 514,058,726	11.71%
Total Assessed Valuation	$ 4,388,888,355	100.00%

FY 2010-2011
(2010 Certified Tax Roll)

Taxpayer	Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value
Little Elm Towne Crossing LTD	$ 19,012,282	1.26%
Retractable Technologies, Inc.	18,195,218	1.21%
Sunset Pointe I, LTD	15,260,266	1.01%
Village at Eldorado/CMC LP	11,446,180	0.76%
Scarborough Sunset I, LTD	6,022,990	0.40%
CoServ Electric CO-OP	7,756,250	0.52%
NWC FM 423 and Eldorado Parkway LTD	6,824,000	0.45%
Paloma Creek All Storage LTD	6,200,000	0.41%
Brighton King LLC & Kev King LLC	5,454,107	0.36%
FM 423 Partners LTD	4,855,532	0.32%
Total	$ 101,026,825	6.71%
Total Assessed Valuation	$ 1,504,837,667	100.00%

Source: Denton Central Appraisal District.

Note: Property is assessed as of January 1 and certified to the town by July 25 for taxable values

Town of Little Elm, Texas **Table B-4**

Property Tax Levies and Collections
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections & Adjustments in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	10,024,864	9,858,712	98.34%	164,584	10,023,296	99.98%
2012	10,462,821	10,279,526	98.25%	181,197	10,460,724	99.98%
2013	10,651,248	10,514,194	98.71%	134,528	10,648,722	99.98%
2014	11,780,687	11,648,622	98.88%	119,031	11,767,653	99.89%
2015	13,629,127	13,581,388	99.65%	37,848	13,619,236	99.93%
2016	15,848,795	15,812,201	99.77%	22,481	15,834,682	99.91%
2017	18,694,955	18,616,309	99.58%	65,636	18,681,945	99.93%
2018	21,819,292	21,774,594	99.80%	22,245	21,796,839	99.90%
2019	24,976,789	24,904,762	99.71%	52,230	24,956,992	99.92%
2020	28,077,721	27,999,271	99.72%	-	27,999,271	99.72%

Source: Denton Central Appraisal District

Town of Little Elm, Texas **Table B-5**

Municipal Sales Tax and Ratio to Ad Valorem Tax Levy
And Ad Valorem Tax Rate
Last Ten Years (Unaudited)

The Town has adopted the provisions of Chapter 321, as amended, Texas Tax Code (the "Municipal Sales and Use Tax Act") which provides for the maximum levy of a one percent sales tax which may be used for any lawful purpose except that the sales tax revenue may not be pledged to the payment of debt. The voters of the Town approved a 1/2% sales tax for the benefit of economic development on January 16, 1993, with collections beginning June 1993. The voters of the Town approved a 1/4% sales tax for street maintenance on May 7, 2005, with collections beginning October 6, 2005. The voters of the Town approved a 1/4% sales tax for 4B community development purposes on May 12, 2007, with collections beginning October 1, 2007. **Net** collections on a **fiscal year** basis are shown below:

Fiscal Year Ended Sept 30	Total Collected	1¼% [a] City	% of Ad Valorem Tax Levy	($) Equivalent of Ad Valorem Tax Rate	0.50% 4A EDC	0.25% 4B CDC
2011	3,392,058	2,111,001	21.29%	0.14165	854,038	427,019
2012	3,861,036	2,413,148	23.06%	0.15337	965,259	482,630
2013	4,479,710	2,799,819	26.29%	0.17480	1,119,927	559,964
2014	4,810,546	3,006,591	25.52%	0.16971	1,202,636	601,318
2015	5,705,401	3,565,876	26.16%	0.17398	1,426,350	713,175
2016	6,962,498	4,351,562	27.46%	0.18168	1,740,625	870,312
2017	7,242,129	4,526,330	24.21%	0.16020	1,810,532	905,266
2018	7,999,076	4,999,422	22.91%	0.15069	1,999,769	999,884
2019	8,695,403	5,434,627	21.76%	0.14141	2,173,851	1,086,925
2020	10,105,335	6,315,834	22.49%	0.14619	2,526,334	1,263,167

[a] The Town's portion of the sales tax collections increased from 1% to 1¼% beginning October 1, 2005 as the result of the May 2005 authorization for an additional ¼% for street maintenance.

[b] The Town has entered into a Limited Partnership Agreement (LPA) with Denton County Fresh Water District 8c & 8b for sharing sales tax in the Extra Terratory Jursidication (ETJ).

Source: Texas Comptroller of Public Affairs Website (http://www.window.state.tx.us/taxinfo/sales)

Town of Little Elm, Texas **Table C-1**

Ratio of Outstanding Bonded Debt by Type
Last Ten Fiscal Years (Unaudited)

	Governmental Activities			Business-Type Activities						
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Other Obligations[a]	Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Other Obligations[a]	Total Primary Government	Percentage of Personal Income[b]	Per Capita[b]
2011	30,679,400	6,630,000	90,000	10,755,000	1,950,600	16,500,000	270,000	66,875,000	10.58%	2,582
2012	33,348,254	2,260,000	321,018	6,740,000	4,866,746	22,340,000	125,000	70,001,018	9.52%	2,428
2013	34,335,527	8,170,000	202,689	3,055,000	7,504,473	21,890,000	-	75,157,689	8.11%	2,144
2014	32,307,738	10,930,000	175,177	-	9,407,262	21,060,000	-	73,880,177	8.23%	2,291
2015	31,043,926	10,563,955	2,032,096	-	9,044,162	20,400,854	-	73,084,993	8.14%	2,266
2016	29,061,169	19,953,985	1,602,905	-	8,806,563	27,364,862	-	86,789,484	9.13%	2,565
2017	26,856,884	19,095,903	1,222,932	-	21,626,986	24,995,585	-	93,798,290	6.78%	2,456
2018	25,299,571	33,517,823	855,000	-	20,680,733	23,234,304	-	103,587,431	6.50%	2,464
2019	24,556,855	36,644,677	495,000	-	19,121,943	20,785,888	-	101,604,364	5.77%	2,282
2020	21,404,875	38,571,929	250,000	-	17,535,005	20,742,471	-	98,504,280	5.30%	2,132

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

[a]Includes Tax Notes and Capital Leases

[b]See Table D-1 for personal income and population data.

Town of Little Elm, Texas **Table C-2**

Ratio Of Net General Bonded Debt To Assessed Value
And Net Value Bonded Debt Per Capita
Last Ten Fiscal Years (Unaudited)

	General Bonded Debt Outstanding						
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Total	Less: Available Debt Service Funds	Net General Bonded Debt	Percentage of Actual Taxable Value of Property[a]	Per Capita[b]
2011	30,679,400	23,130,000	53,809,400	451,192	53,358,208	2.48%	1,390
2012	38,215,000	24,600,000	62,815,000	554,894	62,260,106	2.54%	1,384
2013	41,840,000	30,060,000	71,900,000	567,931	71,332,069	3.20%	1,410
2014	41,715,000	31,990,000	73,705,000	367,338	73,337,662	3.11%	1,621
2015	39,005,000	30,964,809	69,969,809	1,005,376	68,964,433	2.48%	1,432
2016	37,867,732	47,318,847	85,186,579	453,186	84,733,393	2.37%	1,595
2017	48,483,870	44,091,488	92,575,358	746,213	66,833,560	2.33%	1,750
2018	45,980,304	56,752,127	102,732,431	1,153,205	78,344,922	2.33%	1,766
2019	43,678,799	57,430,566	101,109,364	754,243	100,355,121	2.57%	2,254
2020	38,939,880	59,314,400	98,254,280	928,969	97,325,311	2.22%	2,107

Notes: Details regarding the town's outstanding debt can be found in the notes to the financial statements.

[a] See Table B-1 for property value data.

[b] See Table D-1 for population data.

Town of Little Elm, Texas **Table C-3**

Direct and Overlapping Debt

As of September 30, 2019 (Unaudited)

Governmental Unit	As of	Bonded Debt Principal	Percentage of Debt Applicable to Area [d]	Town of Little Elm Share of Overlapping Debt [c]
Debt repaid with property taxes				
Frisco I.S.D.	Sep-20	$ 1,966,343,118	3.14%	$ 61,743,174
Little Elm I.S.D.	Sep-20	307,078,997	39.89%	122,493,812
Denton County	Sep-20	611,835,000	3.86%	23,616,831
Highway 380 MMD #1	Sep-20	45,700,000	71.26%	32,565,820
Subtotal, overlapping debt		$ 2,930,957,115		240,419,637
Town of Little Elm Direct Debt [a]	Sep-20	$ 60,226,804	100.00%	60,226,804
Total direct and overlapping debt				$ 300,646,441
Ratio of direct and overlapping debt principal to taxable values [b]				6.85%
Ratio of direct and overlapping debt principal to actual market values [b]				6.32%

Source: Municipal Advisory Council of Texas

Notes: [a] Includes Governmental Activities debt

[b] See Table B-1 for property value data.

[c] Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Little Elm, Texas. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

[d] The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the various government's taxable assessed value that is within the government's boundaries and dividing it by the total taxable assessed value.

Town of Little Elm, Texas **Table C-4**

Legal Debt Margin Information
Last Ten Years (Unaudited)

The Town of Little Elm, Texas does not have a legal debt limit prescribed by state law. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits ad valorem tax rates to $2.50 per $100 assessed valuation for cities operating under a Home Rule Charter. Accordingy, the Town's tax margin for the previous ten years was:

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Maximum Rate	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50
Total Tax Rate	0.6652	0.6650	0.6650	0.6650	0.6650	0.6617	0.6617	0.6577	0.6499	0.6499
Legal Debt Margin	$ 1.8348	$ 1.8350	$ 1.8350	$ 1.8350	$ 1.8350	$ 1.8350	$ 1.8350	$ 1.8350	$ 1.8350	$ 1.8350

Town of Little Elm, Texas **Table C-5**

Pledged-Revenue Coverage

Last Ten Fiscal Years (Unaudited)

	Water and Sewer System Revenue Bonds				
Fiscal Year	Total Revenues[a]	Less: Operating Expenses[b]	Net Available Revenue	Annual Requirement[c]	Times Coverage
2011	10,650,297	5,045,588	5,604,709	2,737,299	2.05
2012	11,319,089	5,495,379	5,823,710	1,283,032	4.54
2013	12,194,625	5,889,534	6,305,091	1,558,701	4.05
2014	12,908,682	6,275,068	6,633,614	1,645,568	4.03
2015	15,679,764	6,469,613	9,210,151	1,694,747	5.43
2016	16,834,616	8,068,474	8,766,142	1,943,104	4.51
2017	16,934,343	9,154,302	7,780,041	2,556,461	3.04
2018	22,581,899	9,743,731	12,838,168	2,633,996	4.87
2019	19,775,952	9,670,109	10,105,843	2,719,605	3.72
2020	23,448,906	9,708,159	13,740,747	2,660,000	5.17

Notes: [a]Includes operating and non-operating revenues.

[b]Includes operating expenses minus depreciation.

[c]Includes annual debt service requirements for all bonds paid from system revenues

Town of Little Elm, Texas **Table D-1**

Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Year	Estimated Population[a]	Personal Income	Per Capita Personal Income[b]	School Enrollment[c]	Unemployment Rate[d]	Average Household Income
				Little ELM ISD	Denton County	
2011	26,840	674,999,160	25,149	6,245	7.1%	n/a
2012	28,835	735,407,840	25,504	6,344	6.3%	n/a
2013	35,059	926,188,662	26,418	6,606	5.5%	n/a
2014	32,248	897,558,584	27,833	6,910	4.5%	n/a
2015	33,842	950,418,728	28,084	7,193	3.4%	n/a
2016	35,960	1,059,813,120	29,472	7,354	3.3%	n/a
2017	38,194	1,384,074,172	36,238	7,371	4.1%	n/a
2018	42,040	1,594,493,120	37,928	7,565	2.9%	n/a
2019	44,530	1,760,493,550	39,535	8,055	2.7%	117,502
2020	46,200	1,858,764,600	40,233	8,100	6.6%	128,783

Sources: [a]Estimated population provided North Central Texas Council of Governments
[b]Per Capita Income provided by GIS esri
[c]Little Elm Independent School District
[d]Bureau of Labor Statisics, Denton County

Note: Personal income is calculated by multiplying estimated population by per capita personal income.
Average Household Income for previous years not available

Town of Little Elm, Texas **Table D-2**

Principal Employers

Current Year and Nine Years Ago (Unaudited)

2020

Employer	Employees	Percentage of Total City Employment
Little Elm ISD	879	12.68%
Town of Little Elm	311	4.49%
Kroger	191	2.76%
Lowes Home Center	178	2.57%
Retractable Technologies	146	2.11%
Hula Hut	80	1.15%
Applebee's	48	0.69%
Holt	78	1.13%
Total	1,911	27.58%
Total Little Elm Daytime Employees	6,930	

2011

Employer	Employees	Percentage of Total City Employment
Little Elm ISD	737	21.36%
Town of Little Elm	170	4.93%
Retractable Technologies	150	4.35%
Lowes Home Center	120	3.48%
Applebee's	100	2.90%
24 Hour Fitness	50	1.45%
CVS	35	1.01%
Walgren's	30	0.87%
Children's Lighthouse	28	0.81%
Hobby Lobby	23	0.67%
Total	1,443	41.83%
Total Little Elm Daytime Employees	3,450	

Source: Top ten employers and employee count provided by Little Elm Economic Development Corporation.

Town of Little Elm, Texas **Table E-1**

Full-Time Equivalent Government Employees by Function/Program
Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	16.00	15.50	21.00	19.50	19.00	19.00	21.00	22.50	21.50	24.50
Public Safety	76.00	80.00	85.50	90.00	95.50	111.50	112.50	129.50	136.00	147.00
Public Works	20.00	22.00	21.00	18.50	20.00	19.50	14.50	20.50	20.50	18.50
Culture and Recreational	21.00	29.50	31.50	32.50	35.00	37.50	40.50	47.50	49.00	46.50
Planning and Development	7.00	13.00	10.00	15.00	15.00	14.00	19.00	13.00	19.00	16.00
Water and Sewer	30.00	23.50	27.00	30.00	29.00	29.00	28.00	33.00	29.00	31.00
Total	170.00	183.50	196.00	205.50	213.50	230.50	235.50	266.00	275.00	283.50

Source: Town Departments

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Town of Little Elm, Texas
Operating Indicators by Function/Program
Last Ten Fiscal Years (Unaudited)

Function/Program	Fiscal Year 2011	2012	2013
Public Safety			
Police			
Number of employees [b]	36	41	44
Number of violations (citations)	4,198	3,974	4,434
Fire			
Number of employees[b]	37	40	42
Number of volunteers	5	1	0
Number of fire runs	980	888	1,011
Number of EMS runs	1,369	1,327	1,437
Public Works			
Streets (miles)	108	108	108
Community Services			
Residential permits	488	588	737
Commercial permits	49	47	59
Cultural and Recreational			
Parks and recreation			
Park maintain & operate per acre	500	500	500
Participants in parks programs	3,500	3,800	22,700
Participants in senior program	300	320	1,020
Participants at Recreation Center	N/A	N/A	30,400
Library			
Volumes in Collection [d]	32,329	37,785	45,538
Circulation	35,081	69,114	92,684
Water and Sewer			
Number of water connections	8,712	8,963	9,257
Number of sewer connections	8,399	8,636	8,927
Average daily water consumption [c]	2,726	2,547	2,710
Maximum ground storage capacity[c]	7,000	7,000	7,000
Maximum elevated storage capacity [c]	1,500	1,500	1,500
Water purchased [c]	1,080,672	1,160,174	1,161,074

Source: Town Departments
Notes:
N/A - Data not Available
[b] Department Administration and EMS Staff included
[c] Stated in millions of gallons
[d] Includes digital books available via shared databases

Table E-2

Fiscal Year						
2014	2015	2016	2017	2018	2019	2020
44	49	52	58	59	71	75
4,306	5,332	4,617	4,744	5,635	6,780	3673
47	45	55	54	64	62	62
3	10	10	7	9	6	3
992	1,112	1,287	1,327	1,413	1,606	1635
1,732	1,714	1,940	2,191	2,395	2,545	2709
108	131	138	138	155	156	159
860	1034	1154	1,047	1,101	1,037	1005
62	68	76	91	101	65	64
500	500	500	500	500	500	500
50,000	65,000	75,980	77,000	78,000	76,982	52,349
11,577	14,769	18,304	24,864	27,643	30,508	878
45,316	47,690	53,632	77,679	114,915	113,571	63,022
45,187	47,531	77,928	81,380	215,539	224,086	190,332
136,765	124,470	126,326	126,092	132,997	133,395	153,270
9,835	9,880	10,370	10,680	11,153	11,408	11,763
9,489	9,531	9,983	10,272	10,732	10,948	11,170
3,110	3,164	3,201	3,253	3,718	3,953	4,313
7,170	7,170	7,170	7,170	7,170	7,170	7,170
3,578	3,578	3,578	3,578	3,578	3,578	3,578
1,134,837	1,127,728	1,235,350	1,351,428	1,500,532	1,411,097	1,509,605

In 2020, Cultural and Recreation saw significant reduction in participants due to the closure for COVID-19.

Town of Little Elm, Texas **Table E-3**

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles	16	16	16	17	19	25	30	30	30	39
Fire Stations	2	2	2	2	2	2	2	3	3	3
Police Motorcycle Units	2	2	2	2	2	2	2	2	3	4
Public Works										
Streets-Paved	108	108	108	108	131	138	138	155	156	159
Cultural and Recreational										
Parks (acres)	500	500	500	500	500	500	500	500	500	500
Playgrounds[a]	5	5	4	4	5	5	5	5	5	6
Library	1	1	1	1	1	1	1	1	1	1
Senior Center	0	1	1	1	1	1	1	1	1	1
Recreation Center	0	1	1	1	1	1	1	1	1	1
Water and Sewer										
Fire Hydrants	1,070	1,206	1,216	1,256	1,270	1,270	1,431	1,510	1,527	1,559
Ground Storage Facilities	4	4	4	4	4	4	4	4	4	4
Elevated Storage Facilities	2	2	2	4	4	4	4	4	4	4
Lift Stations	16	17	17	18	19	20	20	20	21	22

Source: Town Departments

Notes: [a] Does not include HOA playgrounds